



UNITRONICS (1989) (R" G) LTD.

**PRESS RELEASE**

**Airport City, Israel**

**July 1<sup>st</sup>, 2014**

**\*\*\*Regulated Information\*\*\***

**\*\*\*For Immediate Release\*\*\***

**Immediate Report Concerning the Convening of an Annual and  
Extraordinary General Meeting**

**Airport City, Israel – July 1<sup>st</sup>, 2014-** Unitronics (1989) R" G Ltd. (the "Company") published the attached Immediate Report pursuant to the requirements of the Israeli law with respect to the Convening of an Annual and Extraordinary General Meeting

**About Unitronics**

Unitronics (1989) (R" G) Ltd. is an Israeli company that engages, through its Products Department, in the design, development, production, marketing and sale of industrial automation products, mainly Programmable Logic Controllers ("PLCs"). PLCs are computer-based electronic products (hardware and software), used in the command and control of machines performing automatic tasks, such as production systems and automatic systems for industrial storage, retrieval and logistics. The Company also engages, through its Systems Department and/or its subsidiaries, in the design, construction and maintenance services in the framework of projects for automation, computerization and integration of computerized production and/or logistics systems, mainly automated warehouses, automated distribution centers and automated parking facilities. The Company's PLCs are distributed by over one hundred and forty distributors (and a wholly owned US subsidiary) in approximately fifty countries throughout Europe, Asia, America and Africa. The services of the Systems Department are provided to customers in Israel and also outside Israel.

This press release contains certain forward-looking statements and information relating to the Company that are based on the beliefs of the Management of the Company as well as assumptions made by and information currently available to the Management of the Company. Such statements reflect the current views of the Company with respect to future events, the outcome of which is subject to certain risks and other factors which may be outside of the Company's control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein as projected, anticipated, believed, estimated, expected or intended.

**UNITRONICS (1989) (R"G) LTD.**  
**(the "Company")**

**Re: Immediate Report Concerning the Convening of an Annual and  
Extraordinary General Meeting**

A notice is hereby given concerning the convening of an annual General Meeting and an extraordinary General Meeting of the Company's shareholders (the "Meeting"), having on its agenda the matters detailed below, in accordance with the Companies Law, 5759-1999 (the "Law"), the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "Reporting Regulations"), the Companies Regulations (Notice of General Meeting and Class Meeting in a Public Company), 5760-2000, the Companies Regulations (Written Votes and Position Statements), 5766-2005, and the Companies Regulations (Proof of Title to a Share for Voting at a General Meeting), 5760-2000.

1. On June 30th, 2014 it was decided to convene an annual general extraordinary meeting of the Company's shareholders, which is to convene at the Zaventem Sheraton Hotel in Brussels, Belgium, on Thursday, September 4<sup>th</sup>, 2014, at 12:00 a.m. (Belgium time). (the "**Meeting**").

2. Number of traded securities entitling the holder thereof to participate in the meeting-1083831.

The record date to the eligibility to participate and vote in the Meeting : August 1<sup>st</sup>, 2014.

3. The matters on the agenda of the Meeting : as detailed in the attached Transaction Report.

4. Attached:

- Voting Instrument
- Declaration of Candidate for Office of Director in the Company
- Declaration of an outsider director

5. Required majority at the Meeting:

The quorum in accordance with the Company's articles will be constituted when two shareholders holding at least thirty percent (30%) of the total voting rights in the Company are present, in person or by proxy.

6. If a quorum is not present, the Meeting will be adjourned at the Zaventem Sheraton Hotel in Brussels, Belgium, on Thursday, September 11<sup>th</sup>, 2014, at 12:00 a.m. (Belgium time).
7. Place and time to review all proposed resolution which their content has not been fully detail in the above agenda

The Company's offices at Unitronics House, 3 Arava St., Airport City, Lod, Israel  
Sunday through Thursday, during regular business hours, after prior coordination with  
Mr. Yair Itscovich

Respectfully

**Unitronics (1989) (R"G) Ltd.**

# **Transaction Report.**

**Unitronics (1989) (R”G) Ltd.**

**(“The Company”)**

July 1<sup>st</sup>, 2014

## **Re: Immediate Report on Convening of an Annual and Extraordinary General Meeting**

An Immediate Report is hereby issued on the convening of an annual and extraordinary General Meeting of shareholders of the Company the agenda of which includes the items set forth below and a transaction report in accordance with the Companies Law, 5759-1999 (the “**Companies Law**”), the Companies Regulations (Notice of General Meetings and Class Meetings in Publicly Owned Companies), 5760-2000, Companies Regulations (Written Votes and Position Papers), 5766-2005, Companies Regulations (Proof of Ownership of Shares for Voting at General Meeting), 5760-2000, Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the “**Reporting Regulations**”) and Securities Regulations (A Transaction between a Company and a Controlling Shareholder Therein), 2001 (“**Controlling Shareholders Regulations**”).

### **1. Items on the Agenda**

1.1 Presentation of the Company’s audited financial statements, the Company’s Board of Directors report on the state of affairs of the corporation, including the fee of the Company’s auditors in respect for auditing actions and their fee for other actions, and the periodic annual report (in the Barnea Committee’s format) for the year ended December 31, 2013.

1.2 Reappointment of Amit Halfon, CPA, as the Company’s auditors for the year 2014 and for the period up to the next annual General Meeting of the Company’s shareholders and authorizing the Company’s Board of Directors to determine their fee.

1.3 Appointment of Mr. Haim Shani and Mrs. Bareket Shani for an additional term as directors (Category C) of the Company.

1.4 Appointment of Mr. Joel Sela as external director of the Company for a third term.

1.5 Re-approval of Employment Agreements with Mr. Haim Shani and Mrs. Bareket Shani, the controlling shareholder of the Company and his wife, for an additional three-year period, up to September 22, 2017, pursuant to Section 275(A1) of the Companies Law.

1.6 Amendment of the Employment Agreements of Mr. Haim Shani and Mrs. Bareket Shani.

1.7 Re-approval of the letters of exemption and indemnification for Mr. Haim Shani and Mrs. Bareket Shani.

### **2. Concise description of the resolutions in items 1.5, 1.6 and 1.7 of the agenda (hereinafter in this report – “the Transactions”) and the principal terms thereof**

2.1 Re-approval of Employment Agreements with the controlling shareholder of the Company and his wife pursuant to Section 275(A1) of the Companies Law (item 1.5 on the meeting’s agenda)

2.1.1 The Company is bound by personal employment agreements with Mr. Haim Shani (controlling shareholder, CEO and Chairman of the Board of Directors) and with Mrs.

Bareket Shani (Mr. Shani's wife, who also serves as a member of the Board of Directors, Deputy CEO and Head of the Company's Human Resources) (hereinafter – **"the Employment Agreements"**) which are in effect until September 2014. In accordance with the Employment Agreements, Mr. Shani serves as the Company's CEO, responsible for the management of the Company's entire business and Mrs. Shani serves as Deputy CEO and Head of Human Resources, both holding full time jobs.

2.1.2 Pursuant to the Employment Agreements, Mr. Shani's salary is NIS 60,000 and Ms Shani's salary is NIS 30,000. In addition, the salary is linked to the Consumer Price Index, such that as of January 2012, and each year, an amount equal to the percentage of change in the past year's CPI will be added to their wages.

2.1.3 Mr. Shani's salary is split such that part of the overall wages is paid by a subsidiary wholly owned by the Company, Unitronics Inc., and the remainder is paid by the Company, in respect of his services as CEO of the Company.

2.1.4 In addition to the salary specified above, Mr. and Mrs. Shani are entitled to receive the following benefits: (a) stock options - at least 115% of the number of options granted to the most senior Company employee other than Mr. and Mrs. Shani, each, subject to all the statutory approvals, including the Stock Exchange's consent to list for trading the shares that are the subject of these options and the approval of the general meeting of Company shareholders pursuant to Section 275 of the Companies Law (it is noted that this section will be cancelled as part of the amendment of the Employment Agreements – item 1.6 on the meeting's agenda); (b) standard social benefits, such as an executives' insurance (contributions of 5% of the monthly salary by the employee and 13.33% - by the Company); (c) a study fund (contributions of 2.5% of the monthly salary by the employee and 7.5% - by the Company), (d) use of Company car (without a specific car category) and expense reimbursement; and (e) an annual 30-day vacation, which may be accumulated for up to 2 years. In addition, Mr. Haim Shani is entitled to an annual bonus in respect of each calendar year commencing 2005, and as long as Mr. Shani is employed as CEO of the Company, within 30 days of the date of approval of the financial statements by the Company's Board of Directors, in respect of each calendar year, at a rate of 7.5% of the pre-tax profit on that year (cost to the Company).

2.1.5 Termination of Mr. Shani's employment agreement requires approval by a 75% majority of Board members and a prior notice of at least 6 months. Mr. Shani may terminate his employment agreement for any reason, subject to a 3-month notice. As for Mrs. Shani, each party may terminate the agreement subject to a 2-month notice, and the Company would be required to provide a material explanation for the termination, if initiated by the Company.

2.1.6 For a table listing the remuneration of Mr. Shani and Mrs. Shani in accordance with the Sixth Addendum of the Reporting Regulations, see **Appendix B** of this report.

2.1.7 In accordance with Section 275(A1) of the Companies Law, the Company is required to submit for re-approval, once every three years, the employment agreement of controlling shareholders in the Company. Accordingly, the remuneration committee and Board of Directors of the Company decided on May 27, 2024 and on June 30, 2014, respectively, to re-approve, subject to the approval of the general meeting of the Company shareholders, the above Employment Agreements, pursuant to said Section, such that they will continue to apply, on the same terms but subject to the amendment stated in section 2.2 below, so that each of them will be extended by an additional three-year period with effect from the date of the meeting, until September 22, 2017. Subject to the said amendment, all other terms of the Employment Agreements of Mr. Haim Shani and Mrs. Bareket Shani will continue to apply unchanged.

2.2 Amendment of the Employment Agreements of the controlling shareholder and his wife (item 1.6 on the meeting's agenda)

2.2.1 In accordance with the provisions of the Company's compensation policy and its intention to conform the employment agreements of officers therein to the provisions of the remuneration committee, which was announced by the Company upon the publication of the compensation policy (for details see section 3H of an Amended Immediate Report on the Convening of an Annual and Extraordinary General Meeting dated November 17, 2013, Reference No: 2013-01-193608), the Company, the controlling shareholder and his wife agreed to conform the terms of the equity-based compensation in the Employment Agreements to the provisions of the compensation policy by cancelling the provision in the Employment Agreements that entitles the controlling shareholder and his wife to options to acquire Company shares in an amount that is no less than 115% of the amount granted to the most senior employee of the Company after Mr. Shani and Mrs. Shani. In accordance with the amendment, the said provision is null and void and the Employment Agreements no longer include a stock option entitlement clause.

2.2.2 As aforesaid, all other terms of the Employment Agreements of Mr. Haim Shani and Mrs. Bareket Shani will continue to apply unchanged.

2.3 According to Section 275 (1A) of the Companies Law, the Company is obliged to re-approve once every three years, the deeds of indemnification and exemption of controlling shareholders and their relatives, and upon that it was decided by the Compensation Committee and Board of Directors on 27 May and 30 June 2014 respectively, to reaffirm, subject to the approval of the general meeting of shareholders, the deeds of indemnity and exemption to Mr. and Ms. Shani, under the same section, so that each of them would be extended for another three years as of the date of the meeting, under conditions identical to those approved for officers who are not controlling shareholders and their relatives

### **3. Identity of the controlling shareholders with a personal interest in the transactions and the nature of this matter:**

3.1 The controlling shareholder of the Company with a personal interest in the transactions is Mr. Haim Shani. Mr. Shani holds 6,139,551 ordinary shares of NIS 0.02 par value of the Company (hereinafter – “**the Shares**”), which represent 61.38% of the issued and paid up share capital of the Company (about 61.38% on a fully diluted basis).

3.2 Mrs. Bareket Shani, Mr. Shani's wife, serves as the Deputy CEO, Head of Human Resources and a director of the Company.

3.3 Therefore, Mr. Shani and Mrs. Shani did not participate in the discussions and votes at the remuneration committee and Board of Directors meetings regarding the Board of Directors' recommendation to the General Meeting to re-approve the Employment Agreements, to approve the amendment to the Employment Agreements, and to re-approve their letters of exemption and indemnification in accordance with the standard form of the letter of indemnification issued to all officers of the Company.

### **4. Identity of the directors with a personal interest in the transactions and the nature of this matter:**

Mr. Shani and Mrs. Shani have a personal interest in the re-approval of their Employment Agreements, in the approval of the amendment to the Employment Agreements as aforesaid, in the re-approval of their letter of indemnification in accordance with the Company's standard form of indemnification letter, due to the fact that these relate to their terms of employment with the Company and since they are a married couple.

### **5. Convening, Time and Implementation of an Annual General Meeting:**

5.1 Time and place of the meeting: Notice is hereby given of the convening of an Annual General Meeting of the Company's shareholders, which is to convene at the Zaventem

Sheraton Hotel in Brussels, Belgium, on Thursday, September 4th, 2014, at 12:00 a.m. (Belgium time).

The quorum in accordance with the Company's articles will be constituted when two shareholders are present, in person or by proxy, holding at least thirty percent (30%) of the total voting rights in the Company. If a quorum is not present within half an hour from the time set for the commencement of the General Meeting, the Meeting will be adjourned by a week, to the same day, time and place. A quorum at an adjourned meeting will be constituted when two shareholders are present, in person or by proxy, regardless of the percentage of votes represented by them.

5.2 Majority required at the General Meeting to approve the items on the agenda:

5.2.1 The majority required for approval of the items on the agenda as set forth in paragraphs 1.1 to 1.3 above is an ordinary majority of the shareholders eligible to vote and who voted at the meeting.

5.2.2 The majority required for approval of the item set forth in paragraph 1.4 above is an ordinary majority of the shareholders who are entitled to attend the Meeting and who participate in the vote, provided one of the following conditions is met: (a) the majority of the votes counted at the General Meeting includes a majority of the votes of shareholders who are not controlling shareholders in the Company or do not have a personal interest in the approval of the appointment, except for a personal interest which is not the result of their relations with the controlling shareholder, who participate in the vote; the total votes of the said shareholders shall not include the abstaining votes; (b) the total number of dissenting votes among shareholders participating in the vote who are not controlling shareholders of the Company or do not have a personal interest in the approval of the appointment except for a personal interest which is not the result of relations with the controlling shareholder, is not more than two percent of the total voting rights in the Company.

5.2.3 The majority required for approval of items on the agenda as set forth in paragraphs 1.5 to 1.7 above is an ordinary majority of the shareholders who are entitled to attend the Meeting and who participate in the vote, provided one of the following conditions is met: (a) the majority of the votes counted at the General Meeting includes a majority of the votes of shareholders who do not have a personal interest in the approval of the transactions, who participate in the vote; the total votes of the said shareholders shall not include the abstaining votes; (b) the total number of dissenting votes among shareholders participating in the vote who do not have a personal interest in the approval of the transactions, is not more than two percent of the total voting rights in the Company.

5.3 Record date for eligibility to vote: under Section 182(b) of the Law and Regulation 3 of the Companies Regulations (Written Votes and Position Statements), 5766-2005 and Companies Regulations (Reliefs for Public Companies Whose Shares are Listed for Trading in a Stock Exchange Outside Israel), 2000, the record date will be August 1<sup>st</sup>, 2014 (the "**Record Date**"), such that anyone holding shares of the Company at the end of the trading day, on the Record Date, will be entitled to attend the Meeting and to vote thereat, in person or by proxy.

The number of shares equivalent to 5% of the total voting rights in the Company is: 500,116 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).

The number of shares equivalent to 5% of the total voting rights in the Company not held by the controlling shareholder is: 193,138 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).

**6. Review of documents**

This immediate report, the documents referred to therein, and the full text of the resolutions on the agenda of the General Meeting are available for review at the Company's offices at Unitronics House, Airport city, Lod between Sunday to Thursday, during regular business hours and after prior coordination with Mr. Yair Itscovich (telephone 03-9778888, fax 03-9778877), until the date of the Meeting. The Company's financial statements can be reviewed via the Securities Authority's website (<http://www.magna.isa.gov.il/>) (the "Dissemination Site"), from the date of publication thereof.



**Unitronics (1989) (R”G) Ltd.**

**(“The Company”)**

July 1<sup>st</sup>, 2014

The Securities Authority

[www.isa.gov.il](http://www.isa.gov.il)

The Tel Aviv Stock Exchange Ltd.

[www.tase.co.il](http://www.tase.co.il)

**Re: Immediate Report Concerning the Convening of an Annual and Extraordinary General Meeting**

An immediate report is hereby issued on the convening of an Annual and Extraordinary General Meeting of the Company's shareholders, the agenda of which includes the matters detailed below and a transaction report, in accordance with the Companies Law, 5759-1999 (the "**Companies Law**"), the Companies Regulations (Notice of General Meeting and Class Meeting in a Public Company), 5760-2000, the Companies Regulations (Written Votes and Position Statements), 5766-2005, the Companies Regulations (Proof of Ownership to a Share for Voting at a General Meeting), 5760-2000, the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "**Reporting Regulations**"), and Securities Regulations (A Transaction Between a Company and a Controlling Shareholder Therein), 2001 (the "**Controlling Shareholder Regulations**").

**Part A – Convening of a Meeting and Items on the Agenda**

**1. Time, place and agenda**

Notice is hereby given of the convening of an Annual and Extraordinary General Meeting of the Company's shareholders ("**the Meeting**"), which is to convene at the Zaventem Sheraton Hotel in Brussels, Belgium, on Thursday, September 4<sup>th</sup>, 2014, at 12:00a.m. (Belgium time)

**2. Items on the meeting's agenda and a summary of the proposed resolutions:**

**2.1 Presentation of the Company's audited financial statements, the Company's Board of Directors report on the state of affairs of the corporation, including the fee of the Company's auditors in respect for auditing actions and their fee for other actions, and the periodic annual report (in the Barnea Committee's format) for the year ended December 31, 2013.**

Summary of the proposed resolution:

To approve that the Company's audited financial statements, the Company's Board of Directors report on the state of affairs of the corporation, including the fee of the Company's auditors in respect for auditing actions and their fee for other actions, and the periodic annual report (in the Barnea Committee's format) for the year ended December 31, 2013, have been presented to the General Meeting of the Company.

**2.2 Reappointment of Amit Halfon, CPA, as the Company's auditors for the year 2014 and for the period up to the next annual General Meeting of the Company's shareholders and authorization of the Company's Board of Directors to determine their fee.**

Summary of the proposed resolution: to re-appoint Amit Halfon, CPA, as the Company's auditors for 2014 and for the period up to the next annual General Meeting of the Company's shareholders and to authorize the Company's Board of Directors to determine their fee.

### **2.3 Appointment of Mr. Haim Shani and Mrs. Bareket Shani for an additional term as directors (Category C) of the Company.**

Appointment of Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company, and Mrs. Bareket Shani, Mr. Shani's wife, director and VP of Human Resources at the Company, for an addition term as directors (Category C) of the Company, up to the date of the annual general meeting of the Company for 2017, in accordance with the Company's articles (for details regarding Mr. and Mrs. Shani see Section 4.10(A) and 4.10(B) of the Company's Annual and Periodic Report for 2013 as published on March 27, 2014 – Reference No: 2014-01-027369 (hereinafter – “**the Periodic Report**”). The statements by Mr. and Mrs. Shani, that they are in compliance with the conditions required for their appointment as directors of the Company in accordance with the provisions of Section 224B of the Companies Law and Regulation 36B(A)(10) of the Reporting Regulations, are attached to this report as Appendix A1 and A2, respectively.

For details on the percentage of participation of each of Mr. Shani and Mrs. Shani in the meetings of the Board of Directors and the committees during 2013, see a corporate governance questionnaire that was attached to the Periodic Report. In the first quarter of 2014, the percentage of participation of Mr. Shani in Board of Directors meetings was 100%. In the first quarter of 2014, the percentage of participation of Mrs. Shani in Board of Directors meetings was 100%.

Summary of the proposed resolution: to appoint of Mr. Haim Shani and Mrs. Bareket Shani as directors (Category C) of the Company for an additional term up to the date of the annual general meeting of the Company for 2017, in accordance with the Company's articles.

### **2.4 Appointment of Mr. Joel Sela as external director of the Company for a third term.**

The appointment of Mr. Joel Sela as external director of the Company for a period of three years, in accordance with the Company's articles (for details on Mr. Joel Sela see Section 4.10(E) of the Periodic Report). The statement by Mr. Sela, that he is in compliance with the conditions required for their appointment as directors of the Company in accordance with the provisions of Section 224B of the Companies Law and Regulation 36B(A)(10) of the Reporting Regulations, are attached to this report as Appendix A3.

Summary of the proposed resolution: to appoint Mr. Joel Sela as external director of the Company for an additional three-year term.

### **2.5 Re-approval of Employment Agreements with Mr. Haim Shani and Mrs. Bareket Shani, the controlling shareholder of the Company and his wife, pursuant to Section 275(A1) of the Companies Law.**

Re-approval of the Employment Agreements of Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company, and Mrs. Bareket Shani, Mr. Shani's wife, and VP of Human Resources at the Company, as specified in paragraph 3.1 below.

Summary of the approved resolution: to re-approve the Employment Agreements of Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company, and Mrs. Bareket Shani, Mr. Shani's wife, and VP of Human Resources at the Company, pursuant to Section 275(A1) of the Companies Law, for an additional three-year period, from the date of the Meeting and up to September 4<sup>th</sup>, 2017.

**2.6 Amendment of the Employment Agreements of Mr. Haim Shani and Mrs. Bareket Shani.**

Approval of the amendment to the Employment Agreements of Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company, and Mrs. Bareket Shani, Mr. Shani's wife, and VP of Human Resources at the Company, as specified in paragraph 3.2 below.

Summary of the approved resolution: to approve the cancellation of the provision regarding bonus in Company stock options in the Employment Agreements of Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company, and Mrs. Bareket Shani, Mr. Shani's wife, and VP of Human Resources at the Company, as specified in paragraph 3.2 below.

**2.7 Re-approval of the letters of exemption and indemnification to Mr. Haim Shani and Mrs. Bareket Shani.**

Re-approval of the letters of exemption of indemnification to Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company, and to Mrs. Bareket Shani, director and VP of Human Resources at the Company, as specified in paragraph 3.3 below.

Summary of the approved resolution: to re-approve the letters of exemption of indemnification to Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company, and to Mrs. Bareket Shani, director and VP of Human Resources at the Company, as specified in paragraph 3.3 below.

**Part B – Transaction Report for items 2.5, 2.6 and 2.7 on the Meeting’s Agenda (“the Transactions”)**

**3. Preamble, description of the main transactions and key terms and conditions**

3.1 Re-approval of the employment agreements of the controlling shareholder and his wife pursuant to Section 275(A1) of the Companies Law (item 2.5 on the meeting’s agenda):

**Preamble:**

3.1.1 The Company is bound by personal employment agreements with Mr. Haim Shani (controlling shareholder, CEO and Chairman of the Board of Directors) and with Mrs. Baretet Shani (Mr. Shani’s wife, who also serves as a member of the Board of Directors, Deputy CEO and Head of the Company’s Human Resources) (hereinafter – “**the Employment Agreements**”) which are in effect until September 2014. In accordance with the Employment Agreements, Mr. Shani serves as the Company’s CEO, responsible for the management of the Company’s entire business and Mrs. Shani serves as Deputy CEO and Head of Human Resources, both holding full time jobs.

3.1.2 Pursuant to the Employment Agreements, Mr. Shani’s salary is NIS 60,000 and Ms Shani’s salary is NIS 30,000. In addition, the salary is linked to the Consumer Price Index, such that as of January 2012, and each year, an amount equal to the percentage of change in the past year’s CPI will be added to their wages.

3.1.3 Mr. Shani’s salary is split such that part of the overall wages is paid by a subsidiary wholly owned by the Company, Unitronics Inc., and the remainder is paid by the Company, in respect of his services as CEO of the Company.

3.1.4 In addition to the salary specified above, Mr. and Mrs. Shani are entitled to receive the following benefits: (a) stock options - at least 115% of the number of options granted to the most senior Company employee other than Mr. and Mrs. Shani, each, subject to all the statutory approvals, including the Stock Exchange’s consent to list for trading the shares that are the subject of these options and the approval of the general meeting of Company shareholders pursuant to Section 275 of the Companies Law (it is noted that this section will be cancelled as part of the amendment of the Employment Agreements – item 2.6 on the meeting’s agenda); (b) standard social benefits, such as executives’ insurance (contributions of 5% of the monthly salary by the employee and 13.33% - by the Company); (c) a study fund (contributions of 2.5% of the monthly salary by the employee and 7.5% - by the Company), (d) use of Company car (without a specific car category) and expense reimbursement; and (e) an annual 30-day vacation, which may be accumulated for up to 2 years. In addition, Mr. Haim Shani is entitled to an annual bonus in respect of each calendar year commencing 2005, and as long as Mr. Shani is employed as CEO of the Company, within 30 days of the date of approval of the financial statements by the Company’s Board of Directors, in respect of each calendar year, at a rate of 7.5% of the pre-tax profit on that year (cost to the Company).

3.1.5 Termination of Mr. Shani’s employment agreement requires approval by a 75% majority of Board members and a prior notice of at least 6 months. Mr. Shani may terminate his agreement for any reason, subject to a 3-month notice. As for Mrs. Shani, each party may terminate the agreement with to a 2-month notice, and the Company would be required to provide a material explanation for the termination, if initiated by the Company.

3.1.6 For a table listing the remuneration of Mr. Shani and Mrs. Shani in accordance with the Sixth Addendum of the Reporting Regulations, see **Appendix B** of this report.

**Highlights of the transaction:**

3.1.7 In accordance with Section 275(A1) of the Companies Law, the Company is required to submit for re-approval, once every three years, the employment agreement of controlling

shareholders in the Company and their relatives. Accordingly, the remuneration committee and Board of Directors of the Company decided on May 27, 2024 and on June 30, 2014, respectively, to re-approve, subject to the approval of the General Meeting of the Company shareholders, the above Employment Agreements, pursuant to said Section, such that they will continue to apply, on the same terms, and subject to the amendment of the terms of the equity-based compensation as specified in paragraph 3.2 below, so that each of them will be extended by an additional three-year period with effect from the date of the meeting, until September 22, 2017. Subject to the said amendment, all other terms of the Employment Agreements of Mr. Haim Shani and Mrs. Bareket Shani will continue to apply unchanged.

**Mr. Shani and Mrs. Shani's qualifications to perform the job:**

3.1.8 As Company founders, Mr. Shani and Mrs. Shani have long-standing, close and direct knowledge of all technologies and products being developed, manufactured and distributed by the Company, from its inception to date, as well as with markets, customers and service providers of the Company.

3.1.9 Mr. Shani and Mrs. Shani have a well-known reputation in the Company's industry, and the Company's favorable reputation is tightly linked to the fact that Mr. Shani and Mrs. Shani are controlling shareholders and senior officers of the Company.

**3.2 Amendment of the Employment Agreements of the controlling shareholder and his wife (item 2.6 on the meeting's agenda)**

3.2.1 In accordance with the provisions of the Company's compensation policy and its intention to conform the employment agreements of officers therein to the provisions of the remuneration committee, which was announced by the Company upon the publication of the compensation policy (for details see section 3H of an Amended Immediate Report on the Convening of an Annual and Extraordinary General Meeting dated November 17, 2013, Reference No: 2013-01-193608), the Company, and the controlling shareholder and his wife agreed to conform the terms of the equity-based compensation in the Employment Agreements to the provisions of the compensation policy by cancelling the provision in the Employment Agreements that entitles the controlling shareholder and his wife to options to acquire Company shares in an amount that is no less than 115% of the amount granted to the most senior employee of the Company after Mr. Shani and Mrs. Shani. In accordance with the amendment, the said provision is null and void and the Employment Agreements no longer include a stock option entitlement clause.

3.2.2 All the other terms of the Employment Agreements of Mr. Haim Shani and Mrs. Bareket Shani will continue to apply unchanged.

**3.3 Re-approval of the letters of exemption and indemnification to the controlling shareholder and his wife (item 2.7 on the meeting's agenda):**

3.3.1 In accordance with Section 275(A1) of the Companies Law, the Company is required to submit for re-approval, once every three years, the letters of exemption and indemnification of controlling shareholders in the Company and their relatives. Accordingly, the Remuneration committee and Board of Directors of the Company decided on May 27, 2024 and on June 30<sup>th</sup> 2014, respectively, to re-approve, subject to the approval of the General Meeting of the Company shareholders, the letters of exemption and indemnification to Mr. and Mrs. Shani, pursuant to said Section, such that each letter will be extended by an additional three-year period with effect from the date of the meeting, under conditions identical to those approved for officers who are not controlling shareholders and their relatives.

3.3.2 For the complete wording of the letters of exemption and indemnification, see Immediate Report on Transaction between a Company and the Controlling Shareholder Therein, dated July 24, 2011, Reference No: 2011-01-220248.

**4. Identity of the controlling shareholders with a personal interest in the transactions:**

4.1 The controlling shareholder of the Company with a personal interest in the transactions is Mr. Haim Shani. Mr. Shani holds 6,139,551 ordinary shares of NIS 0.02 par value of the Company (hereinafter – “the Shares”), which represent 61.38% of the issued and paid up share capital of the Company (about 61.38% on a fully diluted basis).

4.2 Mrs. Bareket Shani, Mr. Shani’s wife, serves as the Deputy CEO, Head of Human Resources and a director of the Company.

4.3 Therefore, Mr. Shani and Mrs. Shani did not participate in the discussions and votes at the remuneration committee and Board of Directors meetings regarding the Board of Directors’ recommendation to the General Meeting to re-approve the Employment Agreements, to approve the amendment to the Employment Agreements, and to re-approve their letters of exemption and indemnification in accordance with the standard form of the letter of indemnification issued to all officers of the Company.

**5. Nature of the personal interest of the controlling shareholder and other directors**

Mr. Shani and Mrs. Shani have a personal interest in the re-approval of their Employment Agreements, in the approval of the amendment of the Employment Agreements as aforesaid, in the re-approval of their letters of exemption and indemnification, due to the fact that these relate to their terms of employment with the Company and since they are a married couple.

**6. The manner in which remuneration was determined:**

6.1 Re-approval and amendment of employment agreements as stated in items 2.5 and 2.6 on the agenda: the remuneration paid to each of them in respect of their services is commensurate with the Company’s compensation policy as well as the contribution of Mr. Shani and Mrs. Shani to the Company, as determined by the remuneration committee and Board of Directors of the Company upon the approval of employment agreements and given the importance and dependence attached by the remuneration committee and Board of Directors to their continued employment with the Company. In accordance with the compensation policy, the Company studied the wages paid to officers in similar positions, in companies with a similar scope of business, and have found that their terms of employment (specified in paragraph 3.1 above) of Mr. and Mrs. Shani are commensurate with their positions and qualifications.

6.2 Re-approval of letters of exemption and indemnification as stated in item 2.7 on the agenda: the terms of the letters of exemption and indemnification are designed to afford the maximum protection permitted by the law, applied identically to all the directors and officers of the Company.

**7. Required approvals or the conditions for the execution of the transaction:**

7.1 Pursuant to Section 275 of the Companies Law, transactions with controlling shareholders or their relatives, which concern their terms of office and employment require the approve of the remuneration committee and Board of Directors. The transactions were approved by the Remuneration committee and Board of Directors of the Company on May 27 and June 30, 2014, respectively.

7.2 The transactions also require the approval of the general meeting of Company shareholders, which was convened as set forth below, with the majority required by law, as described therein.

**8. Similar transactions between the Company and the controlling shareholder in the last two years or which are still in effect:**

**8.1 Re-approval of the employment agreements of the controlling shareholders and the amendment thereof (items 2.5 and 2.6 on the meeting's agenda)**

On July 12, 2011, the Audit Committee and Board of Directors of the Company, and subsequently, on September 22, 2011 the general meeting of Company shareholders decided to re-approve the employment agreements of the controlling shareholders of the Company and his wife, in accordance with Section 275(A1) of the Companies Law, and to amend each of the employment agreements of the controlling shareholder of the Company and his wife, since the provisions in their employment agreements relating to their automatic extension by 5-year periods have become superfluous.

**8.2 Issuance of letters of exemption and indemnification to the controlling shareholder and his wife (item 2.7 on the meeting's agenda):**

8.2.1 On March 18, 2004, the Board of Directors of the Company decided to undertake to officers of the Company that the Company would indemnify them in advance, in the cases enumerated in the Company's articles (as specified in section 4.16 of the Periodic Report) in an amount that will not exceed 25% of the Company's shareholders' equity, as recorded in its financial statements, as of the date of indemnity, in relation to all the officers. This amount will be added to the total amount of insurance benefits in respect of various determining events, which the Company will receive from time to time as part of any officers liability insurance. This resolution was approved by the general meeting of Company shareholders dated April 13, 2004.

8.2.2 On May 9, 2006, the general meeting of Company shareholders approved the granting of exemption and indemnification to Mr. Haim Shani and Mrs. Bareket Shani, in accordance with the provisions of the indemnification letter and the issuance of a letter of indemnification to Mr. Haim Shani and Mrs. Bareket Shani.

8.2.3 On May 18, 2006, the Company issued letters of exemption and indemnification as aforesaid to officers of the Company, including to Mr. Haim Shani and Mrs. Bareket Shani (as specified in the transaction report published on March 27, 2006, Reference No: 2006-01-027750, which is hereby included by way of reference).

8.2.4 On September 22, 2011, the general meeting of Company shareholders approved amendments to the letters of exemption and indemnification to officers of the Company, including to officers who are controlling shareholders of the Company or their relatives (for details see Immediate Report on the Results of a General Meeting dated September 22, 2011, Reference No: 2011-01-282429).

**9. Summary of the reasons of the remuneration committee and Board of Directors for approving the transactions:**

**9.1 Re-approval of the employment agreements and the amendment thereto as stated in items 2.5 and 2.6 on the agenda:**

The remuneration committee and Board of Directors of the Company re-approved the employment agreements and approved the proposed amendment thereto for the reasons set forth below:

9.1.1 After their amendment, the employment agreements are in conformity with the Company's compensation policy.

9.1.2 The remuneration committee and Board of Directors recognize the significant and continued contribution of Mr. and Mrs. Shani and see a direct link between each of them, their terms of remuneration and the success of the Company. Therefore, the remuneration

committee and Board of Directors view the re-approval and amendment of the employment agreements as commensurate with the services and qualifications of Mr. and Mrs. Shani, given the importance and dependence attached by the Board to their continued employment with the Company, and which will facilitate the continued receipt of these services. They believe that this is the standard remuneration for similar position holders in companies with a similar scope of business.

9.1.3 The Company's Board of Directors has determined that the Company is materially dependent on the continued services of Mr. Haim Shani and Mrs. Bareket Shani which is due, *inter alia*, to the following reasons:

A. As Company founders, Mr. Shani and Mrs. Shani have long-standing, close and direct knowledge of all technologies and products being developed, manufactured and distributed by the Company, from its inception to date, as well as with markets, customers and service providers of the Company.

B. Mr. Shani and Mrs. Shani have a well-known reputation in the Company's industry, and the Company's favorable reputation is tightly linked to the fact that Mr. Shani and Mrs. Shani are controlling shareholders and officers of the Company.

C. Consequently, Mr. Shani and Mrs. Shani are actively involved in all the daily operations of the Company, and replacing them would require a very long training process, as well as replacements with similar knowledge and experience to those of Mr. Shani and Mrs. Shani, which would require significant resources.

D. Furthermore, replacing Mr. Shani and Mrs. Shani may involve significant costs, in view of the low wages they have been receiving from the Company over the years, compared to similar officers in companies of a similar size.

9.1.4 Those transactions are in favour of the Company.

9.2 Re-approval of the letters of exemption and indemnification as stated in item 2.7 on the agenda:

The remuneration committee and Board of Directors of the Company re-approved the letters of exemption and indemnification to Mr. Shani and Mrs. Shani for the reasons set forth below:

9.2.1 The letters of exemption and indemnification are in conformity with the Company's compensation policy.

9.2.2 The Company wishes to grant all its officers the maximum protection permitted by law.

9.2.3 In the opinion of the Company's Remuneration committee and Board of Directors, the re-approval of the letters of exemption and indemnification to Mr. and Mrs. Shani is reasonable and appropriate under the circumstances, given Mr. and Mrs. Shani's considerable contribution to the Company, their involvement in the day-to-day activities and taking into account their exposure as senior officers of the Company.

9.2.4 The re-approval of the letters of exemption and indemnification to Mr. and Mrs. Shani, with the same wording as the letters issued to other officers of the Company, is consistent with the Company's policy which does not discriminate between officers with regard to protecting them against exposures that can be insured and indemnified, in matters relating to their position as officers of the Company.

9.2.5 The transaction is in favour of the company.



**10. Identity of the directors who attended the discussions of the Board of Directors and remuneration committee in connection with the approval of the said transactions, including external directors:**

10.1 Names of the directors who attended the Board of Directors discussions regarding the approval of transactions on June 30 2014: Mr. Moshe Braz (external director), Mr. Yoel Sela (external director), Zvi Livne (director), Edna Ramot (director).

10.2 Names of the directors who attended the remuneration committee discussions regarding the approval of transactions on May 27, 2014: Mr. Moshe Braz (external director), Mr. Yoel Sela (external director), Zvi Livne (director).

**11. Identity of the directors with a personal interest in the transactions and the nature of this interest:**

11.1 As aforesaid, Mr. Shani and Mrs. Shani have a personal interest in the approval of the aforementioned transactions, due to the fact that these relate to the terms of their employment with the Company and since they are a married couple.

11.2 Mr. Shani and Mrs. Shani did not participate in the discussions and votes at the remuneration committee and Board of Directors meetings regarding the approval of the said transactions.

**Part III – Convening, Date and Execution of an Annual General Meeting:**

**12. Date, place and quorum**

12.1 Notice is hereby given of the convening of an Annual and Extraordinary General Meeting of the Company's shareholders ("**the Meeting**"), which is to convene at the Zaventem Sheraton Hotel in Brussels, Belgium, on Thursday, September 4<sup>th</sup>, 2014, at 12:00 a.m. (Belgium time).

12.2 The quorum in accordance with the Company's articles shall be constituted when two shareholders holding at least thirty percent (30%) of the total voting rights in the Company are present, in person or by proxy. If a quorum is not present within half an hour from the time set for the start of the General Meeting, the Meeting will be adjourned by a week, to the same day, time and place. A quorum at an adjourned meeting will be constituted when two shareholders are present, in person or by proxy, regardless of the percentage of votes represented by them.

**13. Majority required at the General Meeting to approve the transactions:**

13.1 The majority required for approval of the items on the agenda as set forth in paragraphs 2.1 to 2.3 above is an ordinary majority of the shareholders eligible to vote and who voted at the meeting.

13.2 The majority required for approval of the set forth in paragraph 2.4 above (the appointment of Yoel Sela as an external director) is an ordinary majority of the shareholders who are entitled to attend the Meeting and who participate in the vote, provided one of the following conditions is met: (a) the majority of the votes counted at the General Meeting includes a majority of the votes of shareholders who are not controlling shareholders in the Company or do not have a personal interest in the approval of the appointment, except for a personal interest which is not the result of their relations with the controlling shareholder, who participate in the vote; the total votes of the said shareholders shall not include the abstaining votes; (b) the total number of dissenting votes among shareholders participating in the vote who are not controlling shareholders of the Company or do not have a personal

interest in the approval of the appointment except for a personal interest which is not the result of relations with the controlling shareholder, is not more than two percent of the total voting rights in the Company.

13.3 The majority required for approval of items on the agenda as set forth in paragraphs 2.5 (re-approval of the employment agreements of the controlling shareholder), 2.6 (amendment of the employment agreements of the controlling shareholder) and 2.7 (re-approval of a letter of exemption and indemnification to the controlling shareholder) above is an ordinary majority of the shareholders who are entitled to attend the Meeting and who participate in the vote, provided one of the following conditions is met: (a) the majority of the votes counted at the General Meeting includes a majority of the votes of shareholders who do not have a personal interest in the approval of the transactions, who participate in the vote; the total votes of the said shareholders shall not include the abstaining votes; (b) the total number of dissenting votes among shareholders participating in the vote who do not have a personal interest in the approval of the transactions, is not more than two percent of the total voting rights in the Company.

#### **14. Eligibility to vote**

14.1 Under Section 182(b) of the Law and Regulation 3 of the Companies Regulations (Written Votes and Position Statements), 5766-2005 and Companies Regulations (Reliefs for Public Companies Whose Shares are Listed for Trading in a Stock Exchange Outside Israel), 2000, the record date will be August 1<sup>st</sup>, 2014 (the "**Record Date**"), such that anyone holding shares of the Company at the end of the trading day, on the Record Date, will be entitled to attend the Meeting and to vote thereat, in person or by proxy.

14.2 In accordance with the Companies Regulations (Proof of Ownership of Shares for Voting at a General Meeting), 5760-2000 (in this section – the "**Regulations**"), a shareholder who has a share registered with a member of the Tel Aviv Stock Exchange Ltd. and/or with an authorized broker under the Belgian law, and that share is included among the shares of the Company registered in the Register of Shareholders in the name of a nominee company and/or EuroClear Belgium / Interprofessionelle Effectendeposito – en Girokas N.V. – Caisse Interprofessionnelle de Depots et de Virements de Titres S.A., and he wishes to attend and vote at the General Meeting, will submit to the Company a certificate from the member of the Stock Exchange and/or the authorized broker under the Belgian law with whom his right in the share is registered, regarding his ownership of the share, on the Record Date, according to Form 1 in the Schedule to the Regulations. A power of attorney to attend and vote at the Meeting must be deposited at least 48 hours before the date of convening the Extraordinary General Meeting.

14.3 Under the Companies Law, a shareholder whose shares are registered with a member of the Stock Exchange may receive the certificate of ownership from the Stock Exchange member through which he holds his shares at the branch of that member, or by post to his address, in return for postage only, if he so requested. Such a request must be given in advance for a particular securities account.

14.4 Likewise, a shareholder may vote at the General Meeting through a voting instrument on items 2.4-2.7 on the agenda. A vote in writing is cast using Part II of the voting instrument attached to this report.

14.5 The number of shares equivalent to 5% of the total voting rights in the Company is: 500,116 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).

The number of shares equivalent to 5% of the total voting rights in the Company not held by the controlling shareholder is: 193,138 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).

## **15. Voting instrument**

A shareholder may vote at the General Meeting through a voting instrument on items 2.4-2.7 on the agenda, as detailed below:

15.1 A vote in writing will be cast using Part II of the voting instrument attached to the immediate report, as published on the Dissemination Site (as defined in Section 15.6 below).

15.2 A shareholder may apply directly to the Company to receive the text of the voting instrument and the position statements.

15.3 A Stock Exchange member will send by email, free of charge, a link to the text of the voting instrument and the position statements on the Dissemination Site, to every shareholder who is not registered in the Register of Shareholders and whose shares are registered with that Stock Exchange member, if the shareholder notified him that he is so interested, provided notice is given prior to the Record Date regarding a particular securities account.

15.4 A shareholder whose shares are registered with a Stock Exchange member may, if so requested, receive the certificate of ownership from the Stock Exchange member through whom he holds his shares, at the branch of the Stock Exchange member, or by post to his address, in return for postage only. Such a request must be given in advance for a particular securities account.

15.5 A voting instrument will be valid only if the documents listed in the voting instrument (the "**Attached Documents**") are attached to it, and if it is submitted to the Company's offices up to 72 hours before the time of convening of the Meeting. In this regard, the "date of submission" is the date on which the voting instrument and the Attached Documents reached the Company's offices. The deadline for the submission of position statements to the Company is up to 10 days after the Record Date.

15.6 The text of the voting instrument and the position papers, as these terms are defined in Section 88 of the Companies, can be found on the website of the Israel Securities Authority (<http://www.magna.isa.gov.il/>) (the "Dissemination Site") and on the website of the Tel Aviv Stock Exchange Ltd. (<http://maya.tase.co.il/>), on the website of Euronext in Belgium or on the Company's website (<http://www.unitronics.co.il/>).

## **16. Powers of the Securities Authority**

In accordance with the Controlling Shareholders Regulations, within 21 days of the date of submitting the report, the Securities Authority ("the ISA") or an employees that it so authorized by virtue of Regulation 10 of the Controlling Shareholders Regulations, may instruct the Company to provide, on a designated date, explanations, details, information and documents regarding the transactions specified in this Immediate Report, and to instruct the Company to amend this Immediate Report in such manner and on such date as the ISA shall determine. If an instruction to amend the report is given, the ISA may give an instruction to postpone the general meeting to a date not earlier than three business days or later than thirty five days from the date of publication of the amendment to the Immediate Report.

## **17. The Company's representatives for dealing with the immediate report**

The Company's representative for purposes of this immediate report is Mr. Yair Itscovich, the Company's Chief Financial Officer, at Unitronics House, 3 Arava St., Airport City, Lod, Israel, telephone 03-9778888, fax 03-9778877.

**18. Review of documents**

This immediate report and the documents referred to herein, as well as the complete text of the resolutions on the agenda, may be inspected at the Company's offices, at Unitronics House, 3 Arava St., Airport City, Lod, between Sunday to Thursday, during regular business hours, after prior coordination with Mr. Yair Itscovitch (telephone 03-9778888, fax 03-9778877). The Company's financial statements may be reviewed at the dissemination site from the date of publication thereof.

**Sincerely,**

**Unitronics (1989) (R"G) Ltd.**

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**Haim Shani, CEO and chairman of the Board**

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**Yair Itscovitch, CFO**

## Appendix A1

### Statement of the Candidate for the Company's Board of Directors

#### Unitronics (1989) (R"G) Ltd.

#### Declaration of Candidate for Office of Director in Public Company

Under the Companies Law, 5759-1999 (the "Law")

I, the undersigned, Haim Shani, after having been warned that I must state the truth and that I shall be liable to the penalties prescribed by law should I fail to do so, hereby declare as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in Appendix A and constituting an integral part hereof, are satisfied in my case.

2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "Corporations").

3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "Breach of Trust") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.

4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the

activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I possess all the skills required and the capacity to devote the appropriate time to perform my position as director of the Company, with attention *inter alia* to the special needs and size of the Company.

6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.

7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Haim Shani

June 24, 2014

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\_\_\_\_\_

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\_\_\_\_\_

Name

Date

Signature

**Attorney Certification**

I, the undersigned, Advocate Hilit Bar Sorya, whose address is 3 Ha'arava Street, Airport City, hereby certify that on 24 June, 2014 Mr. Haim Shani, known to me personally, appeared before me and after I warned him that he must declare the truth and that he will be liable to the penalties prescribed by law should he fail to do so, he signed this declaration in my presence.

June 24, 2014

( - )

\_\_\_\_\_

\_\_\_\_\_

Date

Attorney Signature and Stamp

[Bar Sorya Hilit – attorney license no. 32801]

## Appendix A

### Sections 225 – 227A of the Companies Law, 5759-1999

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|--|---|
| Duty of Disclosure                           | <p>225. (a) A person who is a candidate to hold office as a director shall disclose to the person appointing him:</p> <ol style="list-style-type: none"><li>(1) whether he has been convicted by a judgment of an offense referred to in Section 226(a), and the period in which he is prohibited from serving as director under Section 226 has not yet elapsed;</li><li>(2) if he has been convicted in a judgment of an offense referred to in Section 226(A1) and the period which the court determined according to such subsection has not yet elapsed;</li><li>(3) if the administrative enforcement committee imposed on him a means of enforcement prohibiting him from serving as director in any public company, and the period determined by the administrative enforcement committee in its aforesaid decision has not yet elapsed.</li></ol> <p>(b) In this Section -<br/>"means of enforcement" means a means of enforcement as referred to in Section 52 LVI of the Securities Law which was imposed under Chapter H4 of the Securities Law, under Chapter G2 of the Regulation of Engagement in Investment Consulting and Investment Portfolio Management Law, 5755-1995 or under Chapter J1 of the Joint Investment Trust Law, 5754-1994, as the case may be;</p> <p>"Administrative enforcement committee" means the committee appointed under Section 52 XXXII(a) of the Securities Law;</p> <p>"judgment" means a judgment of a court of first instance.</p> |
| Restriction on appointment due to conviction | <p>226. (a) A person convicted by a judgment of one of the following offenses shall not hold office as a director in a public company unless five years have elapsed since the date on which the judgment by which he was convicted was handed down:</p> <ol style="list-style-type: none"><li>(1) offenses under Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977 and</li></ol>  |

according to Sections 52C, 52D, 53(a) and 54 of the Securities Law;

- (2) conviction by a court outside Israel of the offenses of bribery, deceit, offenses by directors of a corporation or offenses involving misuse of inside information;
- (3) (deleted)
- (a1) A person who has been convicted by a judgment, as defined in Section 225(b), of an offense which is not enumerated in subsection (a) shall not be appointed to the office of director of a public company if the court has determined that due to the nature, severity or the circumstances of such offense he is not fit to serve as director of a public company for the period determined by the court, which shall not exceed five years from the date of handing down the judgment.
- (b) The court may determine, on the date of the conviction or thereafter, at the request of a person interested in being appointed as director, that notwithstanding his conviction of the offenses as stated in subsection (a) and with attention, *inter alia*, to the circumstances in which the offense was committed, he is not barred from serving as director of a public company or that the period in which he is barred from serving as director of a public company will be less than five years.
- (c) The Minister may determine additional offenses to those determined in subsection (a)(1).
- (d) The court, and if an appeal has been filed – the appellate court, may order a stay of performance of the restrictions on appointment or the expiration of office under this section to a date to be determined and under conditions it deems fit.

Restriction on appointment due to decision of administrative enforcement committee 226A. Where the administrative enforcement committee has imposed on a person means of enforcement prohibiting him from serving as director of a public company, such person shall not be appointed director of a public company in which he is prohibited from serving as director under such decision. In this section "means of enforcement" and "administrative enforcement committee" are as defined in Section 225(b).

Restriction on appointment 227. (a) A minor, incompetent person, a person who has been declared bankrupt for so long as such person remains discharged, as well as a corporation which decided on



voluntary winding up or a winding up order has been handed down with respect thereto, shall not be appointed director.

- (b) A candidate for the office of director satisfying the provisions of subsection (a) shall disclose this to the person appointing him.

Duty of  
notification

227A. A director with respect to whom a condition required under this Law for his office as director ceases to exist or a ground exists in his regard for the expiration of his office as director, shall notify the company thereof immediately and his term of office shall expire on the date of notification.

## Directors' Questionnaire

Dear Sir or Madam,

Attached herewith is a questionnaire to be completed by the directors of Unitronics (1989) (R"G) Ltd. (hereinafter, the "**Company**"). If there are any questions or any explanations are required relating to the completion of the questionnaire, please contact: Advocate Gregory Irgo of Eitan Mehulal & Sadot Law Office of 10 Abba Eban Boulevard, Herzliya, tel: 09-9726000, fax: 09-9726001.

Please pass on to us the completed and signed questionnaire as soon as possible.

### 1. Instructions on Completion of Questionnaire

Please properly answer all questions in detail. In the event a question is not relevant in your case, please write: "not relevant". If the reply to a question is no, please write: "no" or "none". Wherever you are required to complete the date or time, please specify wherever possible, the day, month and year.

### 2. Definitions

#### 2.1 "Stakeholder" in a corporation –

(1) A person holding five percent or more of the issued share capital of the corporation or of the voting power therein, a person having authority to appoint one or more directors of a corporation or its general manager, a person serving as director of a corporation or as its general manager, or a corporation in which such person holds twenty five percent or more of its issued share capital or the voting power, or is entitled to appoint twenty five percent or more of its directors; for the purpose of this paragraph –

(a) A manager of a joint investment trust fund shall be regarded as a holder of the securities included in the fund's assets;

(b) Where a person held securities by means of a trustee, the trustee shall also be regarded as a holder of the aforesaid securities; for this purpose, "trustee" excludes a nominee company and excludes a person holding securities merely by virtue of his position as trustee for an arrangement within the meaning under Section 46(a)(2)(f), or as trustee for an allotment of shares to employees, as defined in Section 102 of the Income Tax Ordinance;

(2) A subsidiary of a corporation, excluding a nominee company;

#### 2.2 "Holding" or "acquisition" –

For the purpose of securities or voting power and the like – either alone or together with others, either directly or indirectly, by means of a trustee, a trust company, nominee company or in any other manner. In the case of a holding or acquisition by a company – also by implication, by its subsidiary or related company, and in the case of a holding or acquisition by an individual – an individual and his family members

who live with him, or they are financially dependent on each other, shall be regarded as one person;

**"Holding or acquisition of securities jointly with others" –**

Holding or acquisition of securities in collaboration between two or more under an agreement, either written or verbal; without prejudicing the generality of the aforesaid, the following persons shall *prima facie* be regarded as holding or acquiring securities jointly –

(1) a corporation holding or acquiring securities (in this definition – corporation) jointly with a stakeholder therein or its related company;

(2) a person whose business is the holding of or trading in securities for others, together with his customer, or with his family member who does not live with him and they are not dependent on each other financially, for whom he holds and manages the securities under a power of attorney granting discretion respecting the exercise of the voting right;

**2.3 "Family member" –**

A spouse, and also a sibling, parent, grandparent, child or child of spouse or spouse of any of the above;

**2.4 "Subsidiary" –**

A company in which another company holds twenty five percent or more of the nominal value of its issued share capital or its voting power or it is entitled to appoint half or more of the directors or its general manager;

**2.5 "Related company" –**

An affiliated company, as well as a company in which another company – which is not its parent company – invested an amount equal to twenty five percent or more of the equity capital of the other company, either in shares or in any other manner, excluding a loan granted in the ordinary course of business.

**2.6 "Affiliated company" –**

A company in which another company – which is not its parent company – holds twenty five percent or more of the nominal value of its issued share capital or the voting power therein, or is entitled to appoint twenty five percent or more of its directors.

**2.7 "Independent director" –**

An outside director or individual serving in office as director who satisfies the conditions set forth below, who was appointed or classified as such according to the provisions of Chapter 1, Part 6 of the Companies Law:

(1) The qualifying conditions for the appointment of an outside director determined in Section 240(b) to (f) are satisfied in his case and the audit committee approved this;

(2) He is not serving in office as director of the company for more than nine consecutive years, and for this purpose discontinuation in office not exceeding two years shall not be regarded as ending the continuity of office.

## 2.8 "Outside director" –

A member of the board of directors of a company who satisfies the qualifying conditions for appointment, as set forth in Section 240 of the Companies Law, 5759-1999.

## 2.9 "Director with accounting and financial expertise" –

A director with accounting and financial expertise is a person who due to his education, experience and qualifications has a high expertise and understanding of business – accounting matters and financial statements, in a manner enabling him to thoroughly understand the financial statements of the Company and to stimulate discussion as to the manner in which the financial data is presented; an evaluation of the accounting and financial expertise of the director shall be carried out by the board of directors and shall be presented as part of the overall considerations which are, *inter alia* his education, experience and knowledge on the following matters:

A. Accounting and auditing issues characteristic of the sector of industry in which the Company and companies of the same size and complexity of the Company operate;

B. The functions of the auditor and the obligations imposed on him;

C. Preparation and approval of the financial statements under the Companies Law and under the Securities Law.

## 2.10 "Director with professional competence" –

A director with professional competence is a person who satisfies one of the following conditions:

A. He has an academic degree in one of the following subjects: economics, business administration, accountancy, law, public administration;

B. He has another academic degree or has completed other higher education studies, all in the Company's main area of business or in an area relevant to the position.

C. He has at least five years' experience in one of the following or he has at least five years' cumulative experience in two or more of the following:

- 1) In a senior position in the field of business management of a corporation with a significant scope of business;
- 2) In senior public office or in a senior position in the public service;
- 3) In a senior position in the Company's main area of business.

2.11 **"Expert outside director"** –

One of the following:

- A. A director having accounting and financial expertise;
- B. A director who due to his education, experience and qualifications has a high expertise and profound understanding of the Company's main area of business. An evaluation of the expertise and understanding of a director shall be carried out by the board of directors after the director added to its declaration under Section 241 of the Companies Law a declaration respecting his education, experience and qualifications, to the extent they are relevant to his evaluation, and attached the documents in support of his declaration.

2.12 **"Senior office holder"** –

An office holder, as defined in the Companies Law, as well as the chairman of the board of directors, a substitute director, an individual appointed under Section 236 of the Companies Law on behalf of a corporation serving in office as director, comptroller, internal auditor, independent authorized signatory and any person carrying out such position, even if his job description is different, in addition to any senior office holder in a corporation under the control of the corporation which has a significant influence over the corporation, and any individual engaged in the corporation in another position holding five percent or more of the nominal value of the issued share capital or voting power; for this purpose:

**"Office holder"** – general manager, chief business officer, deputy general manager, vice general manager, any person serving in such a position in a company, even if the title is different, as well as a director or manager directly subordinate to the general manager;

**"Independent authorized signatory"** – an authorized signatory having the power to bind the corporation without requiring the signature of any additional entity at the corporation for the purpose of a specific activity;

**"Authorized signatory"** – anyone with authority to bind the corporation or bind a corporation under the control of the corporation which is not a reporting corporation and is not a corporation to which Chapter E3 applies (hereinafter, "controlled corporation") as well as any person in a controlled corporation with authority to bind the controlled corporation by an amount exceeding five percent of the total assets in the corporation's balance sheet, according to its last audited financial statements; two or more authorized signatories who are family members are regarded as one authorized signatory;

**"Obligation"** – excluding a payment of tax, municipal taxes or any other compulsory payment collectible under the Taxes (Collection) Ordinance, and excluding any activity in the accounts of the corporation or controlled corporation concerning the acquisition or sale of securities, deposits, foreign currency and financial assets, as defined in the Consulting Law.

2.13 **"Relative"** –

Spouse, brother or sister, parent, grandparents, children in addition to the spouse's child, brother, sister or parent and the spouse of each of the above stated.

2.14 **"Another corporation"** –

A corporation whose controlling shareholder on the date of appointment or in the two years preceding the date of appointment, is a company or controlling shareholder thereof.

3. **Personal Details – Directors**

Full name:	Haim Shani
I.D. number	056548142
Date of birth:	July 31, 1960
Address for the purpose of service of process:	2 Bazelet Street, Shoham
Telephone number:	054-4979555
Nationality:	Israeli
Address/email address:  Fax number for sending an invitation to meetings of the board of directors:	<a href="mailto:Haim.shani@unitronics.com">Haim.shani@unitronics.com</a>
Membership in a committee or committees of the board of directors:	No
Independent director or outside director:	No
Director having accounting and financial expertise or	No

professional competence:	
Expert outside director:	No
Are you an employee of the company, its subsidiary, a related company or of a stakeholder therein? If so, please specify the position or the positions you are filling and the date on which you commenced in office:	Yes, CEO and Chairman of the Company, a director of a subsidiary, Unitronics House Management and Maintenance (2003)Ltd., Chairman of Unitronics Inc., Chairman of Unitronics Systems Inc., director of Cardiosense Ltd., Corpus Callosum Ltd., Netrix Ltd.
Are you a family member of another stakeholder in the corporation or of another office holder in the corporation? If so, please specify.	Bareket Shani's (Deputy CEO) husband

4. **Academic Education**

Degree/Certificate	Main Subject	Name of Academic Institution and Year Degree Earned
None		

5. **Additional Professional Training**

Degree/Certificate	Field/Subject	Name of Academic/Professional Institution and Year Certificate/Accreditation Earned
None		

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6. **Professional and Management Positions in Last 5 Years:**

Dates From and To	Name of Corporation/Institution	Position and Area of Business
1989-currently	Unitronics (1989)(R"G)Ltd.	CEO and Chairman

7. **Public Positions (Public Office/Position in Public Service)**

Dates From and To	Name of Corporation/Institution	Position and Area of Business

8. **Office of Director in Another Corporation in the Past and Present**

A. If you are serving in office or have served in office as director in the past, please specify the name of the corporation and the term of office.

Dates From and To	Name of Corporation/Institution
15 years ago	KLIL INDUSTRIES LTD
And as detailed in section 3 above (since the foundation until today)	



B. Specify the positions you are carrying out at the Company (including membership in a committee or committees of the Company's board of directors):

CEO and Chairman

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C. Are you carrying out any position whatsoever, including as an office holder or employee in a subsidiary or related company of the Company or in a stakeholder of the Company (see the definitions in the introduction to the questionnaire)? If yes, please state details:

A director of a subsidiary, Unitronics House Management and Maintenance (2003)Ltd.  
Chairman of Unitronics Inc.  
Chairman of Unitronics Systems Inc.

9. **Ownership of Securities of the Company/Subsidiary/Related Company**

A. Specify your holdings and/or the holdings of any of your family members and/or relatives (including a holding jointly with others) of securities of the Company, their nominal value, the quantity of the holding and the amount of each class of securities on the date of completion of the questionnaire and on the date 12 months prior to this:

Name of Holder	Class of Security	On Date of Completion of Questionnaire		12 Months Prior to Date of Completion of Questionnaire	
		Number of Securities	Rate of Holding	Number of Securities	Rate of Holding
Haim Shani	Regular Shares	6,139,551	61.38	6,139,551	61.38

B. Specify your holdings and/or the holdings of any of your family members and/or relatives (including a holding jointly with others) of the securities of subsidiaries and related companies of the Company, specify the class of securities, their nominal value, the quantity and rate of holding on the date of completion of the questionnaire and on the date 12 months prior to this.

Name of Holder	Name of Company and Class of Security	On Date of Completion of Questionnaire	12 Months Prior to Date of Completion of Questionnaire

		<b>Number of Securities</b>	<b>Rate of Holding</b>	<b>Number of Securities</b>	<b>Rate of Holding</b>

C. If you and/or any of your family members and/or relatives (including a holding jointly with others) hold a specific percentage of the issued share capital or voting power or of the authority to appoint directors of a corporation holding shares in the Company or shares of its subsidiary, or in any related company directly or indirectly, specify the class of securities, their nominal value, the quantity and rate of holding on the date of completion of the questionnaire and on the date 12 months prior to this:

<b>Name of Holder</b>	<b>Name of Corporation and Class of Security</b>	<b>On Date of Completion of Questionnaire</b>		<b>12 Months Prior to Date of Completion of Questionnaire</b>	
		<b>Number of Securities</b>	<b>Rate of Holding</b>	<b>Number of Securities</b>	<b>Rate of Holding</b>

D. Did the corporation undertake to acquire or the Company undertake to sell it the shares of the Company held by such corporation? If yes, specify the principles of the agreement and attach it to the questionnaire.

No.

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E. Are you a party to an agreement of any kind whatsoever with the Company or with the shareholders or other holders of securities in the Company relating to its securities, voting rights or other rights in the Company (for example, the acquisition of shares, right of first refusal, voting agreements, mutual options and such like)? Specify the principles of the agreement and attach it to the questionnaire.

No.

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F. Are you entitled to securities of the Company? If yes, specify:

No (according to the remuneration policy of the company).

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G. Do you hold 5% or more of the issued share capital or voting power or authority to appoint one or more directors or the general manager in a specific corporation? If yes, specify:

Name of Company/Subsidiary, Related Company	Quantity of Shares	Percentage of Issued Share Capital and Voting Rights

10. **Interest in Other Companies**

A. Specify the corporations in which you and/or any of your family members and/or relatives (including a holding jointly with others) are a stakeholder; state the holdings in such corporation on the date of completion of the questionnaire:

Sky City - the center of high-tech Ltd– 50% Bareket Shani

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Sky City - the center of high-tech Ltd– 50% (Haim Shani)

Corpus Kolsum Ltd.- 100% Haim Shani

Cardiosense Ltd. ~60% Haim Shani

Netrix Ltd - 100% Haim Shani

11. **Fees and Benefits**

A. Did you receive a fee and/or directors' remuneration from the Company? If yes, specify the amounts you received three years prior to the date of completion of this questionnaire, the name of the paying company and the type of payment:

Unitronics (1989)(R"G)Ltd. Gross Salary

2013- NIS 1,324 thousand

2012- NIS 1,360 thousand

2011- NIS 1,814 thousand

B. Is there an arrangement or agreement assuring you indemnification and/or insurance and/or a release in connection with any undertaking whatsoever which you are likely to make in connection with your position as director, office holder or shareholder of the Company. If yes, specify the terms of the arrangement and attach as an appendix to this questionnaire.

Indemnification according to the company's directors' and officers' insurance

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C. Did you or your relative receive a fee or are you entitled to receive a fee directly or indirectly from a controlling shareholder of the Company, from the Company, a subsidiary of the Company or a related company to the Company? If yes, specify the amounts received in the last two years only, as set forth below:

Nature of Payment	Payment Amount	
	Year of Payment	Nominal
As detailed in sub-section A above		

D. Have you and/or your relatives received a fee or are you entitled to receive a fee (management fees, consulting fee and such like) from a controlling shareholder of the Company, from the Company, a subsidiary of the Company or a related company to the Company, directly or indirectly? If yes, specify the amounts received in the last two years.

Nature of Payment	Payment Amount	
	Year of Payment	Nominal
As detailed in sub-section A above		


E. Is there an agreement binding the controlling shareholder of the Company, the Company, its subsidiary or a related company to pay you or your relative any payment whatsoever or to grant benefits? If yes, describe the principles of the agreement (method of calculation of payment, minimum promised, etc.) and attach it as an appendix to the questionnaire:

No

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F. Did you or your relative receive or are you receiving directly or indirectly other benefits of any kind whatsoever from a controlling shareholder of the Company, from the Company, a subsidiary of the Company or a related company to the Company? If yes, specify the benefits you received in the last two years:

No

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G. If the reply to the previous question is yes, please specify whether you received the aforesaid benefits embodied within an agreement? If yes, describe its principles and attach it as an appendix to the questionnaire:

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H. Is there an agreement for increased retirement compensation or improved retirement terms at the time of retirement between you and the Company? If yes, specify:

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According to employment agreement- six months prior notice of termination of employment.

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I. Are you entitled to shares or options of the Company, of a subsidiary and of related companies? If yes, specify:

\_ No (According to the Company's remuneration policy).

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J. Did the Company make any undertaking to allot shares, options or any other security convertible into shares? If yes, specify:

No.

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12. **Business Connections with Company**

A. Were you or are you and/or any of your family members and/or relatives (including a holding jointly with others) a party directly or indirectly to a transaction of any kind whatsoever with the Company, its subsidiary or a related company of the Company which was entered into in the last two years (and even if no longer in effect, or made previously but still in effect)? If yes, describe the transaction and its terms, and attach all documents relating to it (if you believe that the transaction is in the ordinary course of business – please state this):

Rents at Unitronics House – through Sky City - the center of high-tech Ltd

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B. Are negotiations being conducted in connection with a transaction of the kind described in Section 7 A. above?

No.

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C. Is there an arrangement or agreement, except for that stated in the articles of association of the Company, which promises you indemnification or insurance with respect to an undertaking you are likely to make in connection with your position as a senior office holder or shareholder of the Company? If yes, attach a copy of the agreement:

Indemnification agreement under directors' and officers' insurance

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F. Did you, your relative, your partner, your employer, anyone you are directly or indirectly subordinate to or a corporation in which you are a controlling shareholder, on the date of appointment or in the two years preceding the date of appointment, have control, an employment relationship, business or professional connections generally with the Company, a controlling shareholder of the Company or a relative of a controlling shareholder? If so, please specify.

I work with Bareket Shani (Deputy CEO) – my wife

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J. Did you ever receive by virtue of your position as outside director of any company whatsoever any additional benefit beyond the remuneration and reimbursement of expenses to which you were entitled for your office as director?

No.

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13. **Interest in Transactions**

A. In addition to the aforesaid in Section 8 above, do you or did you have an interest directly or indirectly in any agreement whatsoever or in any transaction whatsoever to which the Company, its subsidiary or its related company are a party or were a party in the two years preceding the date of completion of this questionnaire? If yes, specify the transaction or the agreement (even if it is verbal) and attach any document in connection with the transaction or this agreement:

Rents at Unitronics House – through Sky City - the center of high-tech Ltd

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B. Are negotiations taking place in connection with a transaction of the kind described in Section 9A above? If yes, please specify:

No.

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14. **Legal Proceedings**

A. Are any proceedings pending against you or were you ever convicted of one of the offenses currently enumerated in Article F of Chapter 11 of the Penal Law, 5737-1977 (offenses of bribery, deceit, blackmail and extortion) or offenses of directors in a corporation or offenses of misuse of inside information? Likewise, have you been convicted of another offense where the court has determined that by reason of such offense you are unfit to serve as director of a public company? If yes, specify.

No.

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B. Except for parking offenses and finable offenses within the meaning of the Transport Ordinance, are there any proceedings pending against you or were you ever convicted and served the penalty for the conviction in the last ten years? If yes, specify.

No.

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C. Is there any legal proceeding taking place between you and the Company and/or a company under your control or a related company to you and the Company in which you are an opposing party to the Company or have you an interest in a proceeding contrary to the interests of the Company? If yes, specify.

No.



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I hereby declare that all the details given by me in reply to this questionnaire are correct and accurate and that I did not omit any detail and did not refrain from attaching any document which I was asked to deliver or attach to this questionnaire.

If there is any change in any of the details I passed on above, I will notify you immediately of the change.

I hereby confirm that I agree that you may use the details I passed on in this questionnaire, if necessary for the publication of a prospectus of the Company, as well as any report to be published after the date of this affidavit.

June 24, 2014

Haim Shani

( - )

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Date

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Full Name

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Signature

## Appendix A2

### Statement of the Candidate for the Company's Board of Directors

#### Unitronics (1989) (R"G) Ltd.

#### Declaration of Candidate for Office of Director in Public Company

Under the Companies Law, 5759-1999 (the "Law")

I, the undersigned, Bareket Shani, after having been warned that I must state the truth and that I shall be liable to the penalties prescribed by law should I fail to do so, hereby declare as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in Appendix A and constituting an integral part hereof, are satisfied in my case.

2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").

3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.

4. Where I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I possess all the skills required and the capacity to devote the appropriate time to perform my position as director of the Company, with attention *inter alia* to the special needs and size of the Company.

6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.

7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Bareket Shani

June 24, 2014

( - )

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

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**Attorney Certification**

I, the undersigned, Advocate Hilit Bar Sorya, whose address is 3 Ha'arava Street, Airport City, hereby certify that on June 24, 2014, Bareket Shani, known to me personally, appeared before me and after I warned her that she must declare the truth and that she will be liable to the penalties prescribed by law should she fail to do so, she signed this declaration in my presence.

June 24, 2014

( - )

\_\_\_\_\_  
Date

\_\_\_\_\_  
Attorney Signature and Stamp

[Hilit Bar Sorya, Attorney license no. 32801)

## Appendix A

### Sections 225 – 227A of the Companies Law, 5759-1999

- |  |  |
|--|--|
| Duty of Disclosure                           | <p>225. (a) A person who is a candidate to hold office as a director shall disclose to the person appointing him:</p> <ol style="list-style-type: none"><li>(1) whether he has been convicted by a judgment of an offense referred to in Section 226(a), and the period in which he is prohibited from serving as director under Section 226 has not yet elapsed;</li><li>(2) if he has been convicted in a judgment of an offense referred to in Section 226(A1) and the period which the court determined according to such subsection has not yet elapsed;</li><li>(3) if the administrative enforcement committee imposed on him a means of enforcement prohibiting him from serving as director in any public company, and the period determined by the administrative enforcement committee in its aforesaid decision has not yet elapsed.</li></ol> <p>(b) In this Section -</p> <p>"means of enforcement" means a means of enforcement as referred to in Section 52 LVI of the Securities Law which was imposed under Chapter H4 of the Securities Law, under Chapter G2 of the Regulation of Engagement in Investment Consulting and Investment Portfolio Management Law, 5755-1995 or under Chapter J1 of the Joint Investment Trust Law, 5754-1994, as the case may be;</p> <p>"Administrative enforcement committee" means the committee appointed under Section 52 XXXII(a) of the Securities Law;</p> <p>"judgment" means a judgment of a court of first instance.</p> |
| Restriction on appointment due to conviction | <p>226. (a) A person convicted by a judgment of one of the following offenses shall not hold office as a director in a public company unless five years have elapsed since the date on which the judgment by which he was convicted was handed down:</p> <ol style="list-style-type: none"><li>(1) offenses under Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977 and according to Sections 52C, 52D, 53(a) and 54 of the</li></ol>   |

Securities Law;

- (2) conviction by a court outside Israel of the offenses of bribery, deceit, offenses by directors of a corporation or offenses involving misuse of inside information;
- (3) (deleted)
- (a1) A person who has been convicted by a judgment, as defined in Section 225(b), of an offense which is not enumerated in subsection (a) shall not be appointed to the office of director of a public company if the court has determined that due to the nature, severity or the circumstances of such offense he is not fit to serve as director of a public company for the period determined by the court, which shall not exceed five years from the date of handing down the judgment.
- (b) The court may determine, on the date of the conviction or thereafter, at the request of a person interested in being appointed as director, that notwithstanding his conviction of the offenses as stated in subsection (a) and with attention, *inter alia*, to the circumstances in which the offense was committed, he is not barred from serving as director of a public company or that the period in which he is barred from serving as director of a public company will be less than five years.
- (c) The Minister may determine additional offenses to those determined in subsection (a)(1).
- (d) The court, and if an appeal has been filed – the appellate court, may order a stay of performance of the restrictions on appointment or the expiration of office under this section to a date to be determined and under conditions it deems fit.

Restriction on appointment due to decision of administrative enforcement committee 226A. Where the administrative enforcement committee has imposed on a person means of enforcement prohibiting him from serving as director of a public company, such person shall not be appointed director of a public company in which he is prohibited from serving as director under such decision. In this section "means of enforcement" and "administrative enforcement committee" are as defined in Section 225(b).

Restriction on appointment 227. (a) A minor, incompetent person, a person who has been declared bankrupt for so long as such person remains discharged, as well as a corporation which decided on voluntary winding up or a winding up order has been

handed down with respect thereto, shall not be appointed director.

- (b) A candidate for the office of director satisfying the provisions of subsection (a) shall disclose this to the person appointing him.

Duty of  
notification

227A. A director with respect to whom a condition required under this Law for his office as director ceases to exist or a ground exists in his regard for the expiration of his office as director, shall notify the company thereof immediately and his term of office shall expire on the date of notification.

## Directors' Questionnaire

Dear Sir or Madam,

Attached herewith is a questionnaire to be completed by the directors of Unitronics (1989) (R"G) Ltd. (hereinafter, the "**Company**"). If there are any questions or any explanations are required relating to the completion of the questionnaire, please contact: Advocate Gregory Irgo of Eitan Mehulal & Sadot Law Office of 10 Abba Eban Boulevard, Herzliya, tel: 09-9726000, fax: 09-9726001.

Please pass on to us the completed and signed questionnaire as soon as possible.

### 1. Instructions on Completion of Questionnaire

Please properly answer all questions in detail. In the event a question is not relevant in your case, please write: "not relevant". If the reply to a question is no, please write: "no" or "none". Wherever you are required to complete the date or time, please specify wherever possible, the day, month and year.

### 2. Definitions

#### 2.1 "Stakeholder" in a corporation –

(1) A person holding five percent or more of the issued share capital of the corporation or of the voting power therein, a person having authority to appoint one or more directors of a corporation or its general manager, a person serving as director of a corporation or as its general manager, or a corporation in which such person holds twenty five percent or more of its issued share capital or the voting power, or is entitled to appoint twenty five percent or more of its directors; for the purpose of this paragraph –

(a) A manager of a joint investment trust fund shall be regarded as a holder of the securities included in the fund's assets;

(b) Where a person held securities by means of a trustee, the trustee shall also be regarded as a holder of the aforesaid securities; for this purpose, "trustee" excludes a nominee company and excludes a person holding securities merely by virtue of his position as trustee for an arrangement within the meaning under Section 46(a)(2)(f), or as trustee for an allotment of shares to employees, as defined in Section 102 of the Income Tax Ordinance;

(2) A subsidiary of a corporation, excluding a nominee company;

#### 2.2 "Holding" or "acquisition" –

For the purpose of securities or voting power and the like – either alone or together with others, either directly or indirectly, by means of a trustee, a trust company, nominee company or in any other manner. In the case of a holding or acquisition by a company – also by implication, by its subsidiary or related company, and in the case of a holding or acquisition by an individual – an individual and his family members

who live with him, or they are financially dependent on each other, shall be regarded as one person;

**"Holding or acquisition of securities jointly with others" –**

Holding or acquisition of securities in collaboration between two or more under an agreement, either written or verbal; without prejudicing the generality of the aforesaid, the following persons shall *prima facie* be regarded as holding or acquiring securities jointly –

(1) a corporation holding or acquiring securities (in this definition – corporation) jointly with a stakeholder therein or its related company;

(2) a person whose business is the holding of or trading in securities for others, together with his customer, or with his family member who does not live with him and they are not dependent on each other financially, for whom he holds and manages the securities under a power of attorney granting discretion respecting the exercise of the voting right;

**2.3 "Family member" –**

A spouse, and also a sibling, parent, grandparent, child or child of spouse or spouse of any of the above;

**2.4 "Subsidiary" –**

A company in which another company holds twenty five percent or more of the nominal value of its issued share capital or its voting power or it is entitled to appoint half or more of the directors or its general manager;

**2.5 "Related company" –**

An affiliated company, as well as a company in which another company – which is not its parent company – invested an amount equal to twenty five percent or more of the equity capital of the other company, either in shares or in any other manner, excluding a loan granted in the ordinary course of business.

**2.6 "Affiliated company" –**

A company in which another company – which is not its parent company – holds twenty five percent or more of the nominal value of its issued share capital or the voting power therein, or is entitled to appoint twenty five percent or more of its directors.

**2.7 "Independent director" –**

An outside director or individual serving in office as director who satisfies the conditions set forth below, who was appointed or classified as such according to the provisions of Chapter 1, Part 6 of the Companies Law:



(1) The qualifying conditions for the appointment of an outside director determined in Section 240(b) to (f) are satisfied in his case and the audit committee approved this;

(2) He is not serving in office as director of the company for more than nine consecutive years, and for this purpose discontinuation in office not exceeding two years shall not be regarded as ending the continuity of office.

## 2.8 "Outside director" –

A member of the board of directors of a company who satisfies the qualifying conditions for appointment, as set forth in Section 240 of the Companies Law, 5759-1999.

## 2.9 "Director with accounting and financial expertise" –

A director with accounting and financial expertise is a person who due to his education, experience and qualifications has a high expertise and understanding of business – accounting matters and financial statements, in a manner enabling him to thoroughly understand the financial statements of the Company and to stimulate discussion as to the manner in which the financial data is presented; an evaluation of the accounting and financial expertise of the director shall be carried out by the board of directors and shall be presented as part of the overall considerations which are, *inter alia* his education, experience and knowledge on the following matters:

A. Accounting and auditing issues characteristic of the sector of industry in which the Company and companies of the same size and complexity of the Company operate;

B. The functions of the auditor and the obligations imposed on him;

C. Preparation and approval of the financial statements under the Companies Law and under the Securities Law.

## 2.10 "Director with professional competence" –

A director with professional competence is a person who satisfies one of the following conditions:

A. He has an academic degree in one of the following subjects: economics, business administration, accountancy, law, public administration;

B. He has another academic degree or has completed other higher education studies, all in the Company's main area of business or in an area relevant to the position.

C. He has at least five years' experience in one of the following or he has at least five years' cumulative experience in two or more of the following:

- 1) In a senior position in the field of business management of a corporation with a significant scope of business;
- 2) In senior public office or in a senior position in the public service;
- 3) In a senior position in the Company's main area of business.

2.11 **"Expert outside director"** –

One of the following:

- A. A director having accounting and financial expertise;
- B. A director who due to his education, experience and qualifications has a high expertise and profound understanding of the Company's main area of business. An evaluation of the expertise and understanding of a director shall be carried out by the board of directors after the director added to its declaration under Section 241 of the Companies Law a declaration respecting his education, experience and qualifications, to the extent they are relevant to his evaluation, and attached the documents in support of his declaration.

2.12 **"Senior office holder"** –

An office holder, as defined in the Companies Law, as well as the chairman of the board of directors, a substitute director, an individual appointed under Section 236 of the Companies Law on behalf of a corporation serving in office as director, comptroller, internal auditor, independent authorized signatory and any person carrying out such position, even if his job description is different, in addition to any senior office holder in a corporation under the control of the corporation which has a significant influence over the corporation, and any individual engaged in the corporation in another position holding five percent or more of the nominal value of the issued share capital or voting power; for this purpose:

**"Office holder"** – general manager, chief business officer, deputy general manager, vice general manager, any person serving in such a position in a company, even if the title is different, as well as a director or manager directly subordinate to the general manager;

**"Independent authorized signatory"** – an authorized signatory having the power to bind the corporation without requiring the signature of any additional entity at the corporation for the purpose of a specific activity;

**"Authorized signatory"** – anyone with authority to bind the corporation or bind a corporation under the control of the corporation which is not a reporting corporation and is not a corporation to which Chapter E3 applies (hereinafter, "controlled corporation") as well as any person in a controlled corporation with authority to bind the controlled corporation by an amount exceeding five percent of the total assets in the corporation's balance sheet, according to its last audited financial statements; two or more authorized signatories who are family members are regarded as one authorized signatory;

**"Obligation"** – excluding a payment of tax, municipal taxes or any other compulsory payment collectible under the Taxes (Collection) Ordinance, and excluding any activity in the accounts of the corporation or controlled corporation concerning the acquisition or sale of securities, deposits, foreign currency and financial assets, as defined in the Consulting Law.

2.13 **"Relative"** –

Spouse, brother or sister, parent, grandparents, children in addition to the spouse's child, brother, sister or parent and the spouse of each of the above stated.

2.14 **"Another corporation"** –

A corporation whose controlling shareholder on the date of appointment or in the two years preceding the date of appointment, is a company or controlling shareholder thereof.

3. **Personal Details – Directors**

Full name:	Bareket Shani
I.D. number	058136631
Date of birth:	June 30, 1963
Address for the purpose of service of process:	20 Bazelet Street, Shoham
Telephone number:	03-9791555
Nationality:	Israeli and Hungarian
Address/email address:  Fax number for sending an invitation to meetings of the board of directors:	<a href="mailto:Riki.shani@unitronics.com">Riki.shani@unitronics.com</a>
Membership in a committee or committees of the board of directors:	
Independent director or outside director:	
Director having accounting and financial expertise or	Professional competence

professional competence:	
Expert outside director:	
Are you an employee of the company, its subsidiary, a related company or of a stakeholder therein? If so, please specify the position or the positions you are filling and the date on which you commenced in office:	Deputy CEO and Human Resources Manager, Director of subsidiary, Unitronics House Management and Maintenance (2003) Ltd. Secretary of Unitronics Inc. President and Secretary of Unitronics Systems Inc.
Are you a family member of another stakeholder in the corporation or of another office holder in the corporation? If so, please specify.	Yes- Haim Shani's (Company's CEO) wife

4. **Academic Education**

Degree/Certificate	Main Subject	Name of Academic Institution and Year Degree Earned
BSc.	Engineering, Industry and Management	The Technion- Israel Institute of Technology

5. **Additional Professional Training**

Degree/Certificate	Field/Subject	Name of Academic/Professional Institution and Year Certificate/Accreditation Earned

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6. **Professional and Management Positions in Last 5 Years:**

Dates From and To	Name of Corporation/Institution	Position and Area of Business
January 1, 1999 - currently	Unitronics (1989) (R"G) Ltd.	Deputy CEO and Human Resources Manager

7. **Public Positions (Public Office/Position in Public Service)**

Dates From and To	Name of Corporation/Institution	Position and Area of Business
As of May 2014	Tel Aviv Regional Labor Court	Public Representative

8. **Office of Director in Another Corporation in the Past and Present**

A. If you are serving in office or have served in office as director in the past, please specify the name of the corporation and the term of office.

Dates From and To	Name of Corporation/Institution

B. Specify the positions you are carrying out at the Company (including membership in a committee or committees of the Company's board of directors):

Deputy CEO and Human Resources Manager

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C. Are you carrying out any position whatsoever, including as an office holder or employee in a subsidiary or related company of the Company or in a stakeholder of the Company (see the definitions in the introduction to the questionnaire)? If yes, please state details:

Director of subsidiary, Unitronics House Management and Maintenance (2003) Ltd.

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Secretary of Unitronics Inc.  
President and Secretary of Unitronics Systems Inc.

9. **Ownership of Securities of the Company/Subsidiary/Related Company**

A. Specify your holdings and/or the holdings of any of your family members and/or relatives (including a holding jointly with others) of securities of the Company, their nominal value, the quantity of the holding and the amount of each class of securities on the date of completion of the questionnaire and on the date 12 months prior to this:

Name of Holder	Class of Security	On Date of Completion of Questionnaire		12 Months Prior to Date of Completion of Questionnaire	
		Number of Securities	Rate of Holding	Number of Securities	Rate of Holding
Haim Shani	Regular Shares	6,139,551	61.38	6,139,551	61.38

B. Specify your holdings and/or the holdings of any of your family members and/or relatives (including a holding jointly with others) of the securities of subsidiaries and related companies of the Company, specify the class of securities, their nominal value, the quantity and rate of holding on the date of completion of the questionnaire and on the date 12 months prior to this.

Name of Holder	Name of Company and Class of Security	On Date of Completion of Questionnaire		12 Months Prior to Date of Completion of Questionnaire	
		Number of Securities	Rate of Holding	Number of Securities	Rate of Holding

C. If you and/or any of your family members and/or relatives (including a holding jointly with others) hold a specific percentage of the issued share capital or voting power or of the authority to appoint directors of a corporation holding shares in the Company or shares of its subsidiary, or in any related company directly or indirectly, specify the class of securities, their nominal value, the quantity and rate of holding on the date of completion of the questionnaire and on the date 12 months prior to this:

Name of Holder	Name of Corporation and Class of Security	On Date of Completion of Questionnaire		12 Months Prior to Date of Completion of Questionnaire	
		Number of Securities	Rate of Holding	Number of Securities	Rate of Holding

D. Did the corporation undertake to acquire or the Company undertake to sell it the shares of the Company held by such corporation? If yes, specify the principles of the agreement and attach it to the questionnaire.

No

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E. Are you a party to an agreement of any kind whatsoever with the Company or with the shareholders or other holders of securities in the Company relating to its

securities, voting rights or other rights in the Company (for example, the acquisition of shares, right of first refusal, voting agreements, mutual options and such like)? Specify the principles of the agreement and attach it to the questionnaire.

No.

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F. Are you entitled to securities of the Company? If yes, specify:

No (according to the remuneration policy of the company).

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G. Do you hold 5% or more of the issued share capital or voting power or authority to appoint one or more directors or the general manager in a specific corporation? If yes, specify:

Name of Company/Subsidiary, Related Company	Quantity of Shares	Percentage of Issued Share Capital and Voting Rights
No.		

10. **Interest in Other Companies**

A. Specify the corporations in which you and/or any of your family members and/or relatives (including a holding jointly with others) are a stakeholder; state the holdings in such corporation on the date of completion of the questionnaire:

Sky City - the center of high-tech Ltd– 50% Bareket Shani

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Sky City - the center of high-tech Ltd– 50% (Haim Shani)

Corpus Kolsum Ltd.- 100% Haim Shani

Cardiosense Ltd. ~60% Haim Shani

Netrix Ltd - 100% Haim Shani

11. **Fees and Benefits**



A. Did you receive a fee and/or directors' remuneration from the Company? If yes, specify the amounts you received three years prior to the date of completion of this questionnaire, the name of the paying company and the type of payment:

Unitronics (1989)(R"G)Ltd. Gross Salary

2013- NIS 652 thousand

2012- NIS 590 thousand

2011- NIS 547 thousand

B. Is there an arrangement or agreement assuring you indemnification and/or insurance and/or a release in connection with any undertaking whatsoever which you are likely to make in connection with your position as director, office holder or shareholder of the Company. If yes, specify the terms of the arrangement and attach as an appendix to this questionnaire.

Indemnification according to the company's directors' and officers' insurance

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C. Did you or your relative receive a fee or are you entitled to receive a fee directly or indirectly from a controlling shareholder of the Company, from the Company, a subsidiary of the Company or a related company to the Company? If yes, specify the amounts received in the last two years only, as set forth below:

Nature of Payment	Payment Amount	
	Year of Payment	Nominal
As detailed in sub-section A above		

D. Have you and/or your relatives received a fee or are you entitled to receive a fee (management fees, consulting fee and such like) from a controlling shareholder of the Company, from the Company, a subsidiary of the Company or a related company to the Company, directly or indirectly? If yes, specify the amounts received in the last two years.

Nature of Payment	Payment Amount	
	Year of Payment	Nominal
As detailed in sub-section A above		

E. Is there an agreement binding the controlling shareholder of the Company, the Company, its subsidiary or a related company to pay you or your relative any payment whatsoever or to grant benefits? If yes, describe the principles of the agreement (method of calculation of payment, minimum promised, etc.) and attach it as an appendix to the questionnaire:

No.

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F. Did you or your relative receive or are you receiving directly or indirectly other benefits of any kind whatsoever from a controlling shareholder of the Company, from the Company, a subsidiary of the Company or a related company to the Company? If yes, specify the benefits you received in the last two years:

No

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G. If the reply to the previous question is yes, please specify whether you received the aforesaid benefits embodied within an agreement? If yes, describe its principles and attach it as an appendix to the questionnaire:

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H. Is there an agreement for increased retirement compensation or improved retirement terms at the time of retirement between you and the Company? If yes, specify:

According to employment agreement- Three months prior notice of termination of employment.

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I. Are you entitled to shares or options of the Company, of a subsidiary and of related companies? If yes, specify:

No (According to the Company's remuneration policy).

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J. Did the Company make any undertaking to allot shares, options or any other security convertible into shares? If yes, specify:

No.

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12. **Business Connections with Company**

A. Were you or are you and/or any of your family members and/or relatives (including a holding jointly with others) a party directly or indirectly to a transaction of any kind whatsoever with the Company, its subsidiary or a related company of the Company which was entered into in the last two years (and even if no longer in effect, or made previously but still in effect)? If yes, describe the transaction and its terms, and attach all documents relating to it (if you believe that the transaction is in the ordinary course of business – please state this):

Rents at Unitronics House – through Sky City - the center of high-tech Ltd

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B. Are negotiations being conducted in connection with a transaction of the kind described in Section 7 A. above?

No

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C. Is there an arrangement or agreement, except for that stated in the articles of association of the Company, which promises you indemnification or insurance with respect to an undertaking you are likely to make in connection with your position as a senior office holder or shareholder of the Company? If yes, attach a copy of the agreement:

Indemnification agreement under directors' and officers' insurance

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F. Did you, your relative, your partner, your employer, anyone you are directly or indirectly subordinate to or a corporation in which you are a controlling shareholder, on the date of appointment or in the two years preceding the date of appointment, have control, an employment relationship, business or professional connections generally with the Company, a controlling shareholder of the Company or a relative of a controlling shareholder? If so, please specify.

Under my employment agreement I work directly under the CEO Haim Shani – my husband

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J. Did you ever receive by virtue of your position as outside director of any company whatsoever any additional benefit beyond the remuneration and reimbursement of expenses to which you were entitled for your office as director?

No.

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13. **Interest in Transactions**

A. In addition to the aforesaid in Section 8 above, do you or did you have an interest directly or indirectly in any agreement whatsoever or in any transaction whatsoever to which the Company, its subsidiary or its related company are a party or were a party in the two years preceding the date of completion of this questionnaire? If yes, specify the transaction or the agreement (even if it is verbal) and attach any document in connection with the transaction or this agreement:

Rents at Unitronics House – through Sky City - the center of high-tech Ltd

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B. Are negotiations taking place in connection with a transaction of the kind described in Section 9A above? If yes, please specify:

No.

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14. **Legal Proceedings**

A. Are any proceedings pending against you or were you ever convicted of one of the offenses currently enumerated in Article F of Chapter 11 of the Penal Law, 5737-1977 (offenses of bribery, deceit, blackmail and extortion) or offenses of directors in a corporation or offenses of misuse of inside information? Likewise, have you been convicted of another offense where the court has determined that by reason of such offense you are unfit to serve as director of a public company? If yes, specify.

No.

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B. Except for parking offenses and finable offenses within the meaning of the Transport Ordinance, are there any proceedings pending against you or were you ever convicted and served the penalty for the conviction in the last ten years? If yes, specify.

No.

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C. Is there any legal proceeding taking place between you and the Company and/or a company under your control or a related company to you and the Company in which you are an opposing party to the Company or have you an interest in a proceeding contrary to the interests of the Company? If yes, specify.

No.

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I hereby declare that all the details given by me in reply to this questionnaire are correct and accurate and that I did not omit any detail and did not refrain from attaching any document which I was asked to deliver or attach to this questionnaire.

If there is any change in any of the details I passed on above, I will notify you immediately of the change.

I hereby confirm that I agree that you may use the details I passed on in this questionnaire, if necessary for the publication of a prospectus of the Company, as well as any report to be published after the date of this affidavit.

June 24, 2014

Bareket Shani

( - )

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Date

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Full Name

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Signature

### Appendix A3

#### Statement of the Candidate for the Company's Board of Directors

#### Unitronics (1989) (R"G) Ltd.

#### Declaration of Candidate for Office of Director in Public Company

Under the Companies Law, 5759-1999 (the "Law")

I, the undersigned, Joel Sela, after having been warned that I must state the truth and that I shall be liable to the penalties prescribed by law should I fail to do so, hereby declare as follows:

1. None of the restrictions determined in Sections 225 to 227A of the Law on restriction on appointment of a minor, an incompetent person, bankruptcy, a restriction on appointment as a result of the commission of an offense, a conviction or a decision of the administrative enforcement committee – as these restrictions are drafted on the date of execution of this declaration, as set forth in Appendix A and constituting an integral part hereof, are satisfied in my case.

2. Pursuant to the provisions of the Law, I am considered to have a "personal interest" as defined in the Law, in transactions between the Company and myself and between the Company and any of my relatives and between the Company and corporations and entities in which I or any of my relatives are stakeholders (hereinafter, the "**Corporations**").

3. My activities within the scope of my office as an office holder of the Company, as long as they are carried out in good faith, as long as they are not connected to me or my relatives or the Corporations personally, are not considered to be acts amounting to a conflict of interest or competition with the business of the Company or usurpation of a business opportunity of the Company with the object of obtaining a benefit for myself or any other person (hereinafter, "**Breach of Trust**") and do not harm the best interest of the Company, just because me or my relatives are stakeholders in the Corporations.

4. Were I to believe, according to my best knowledge, that an activity within the scope of my office as office holder of the Company is connected to me or my relatives or the Corporations personally, and also were the Company to enter into an exceptional transaction and/or an ordinary transaction connected to me or my relatives or the Corporations personally and it came to my knowledge – I shall notify the audit committee and/or the board of directors, as the case may be, of my personal interest, if the activity and/or transaction is presented for their approval, or to an entity and/or forum reaching a decision with respect to the act or approving the transaction, if the activity and/or transaction is not presented for the approval of the board of directors at the beginning of the deliberation on the activity and/or the transaction and I shall not be present at the meeting at the time of the deliberation on the activity and/or the transaction; however, I may be entitled to participate at the beginning of the meeting for the purpose of passing on information only.

5. I possess all the skills required and the capacity to devote the appropriate time to perform my position as director of the Company, with attention *inter alia* to the special needs and size of the Company.

6. Likewise, I undertake that if any of the conditions required under the Law for my office as director of the Company cease to exist in my case, or if a ground for the expiration of my office as director of the Company exists in my case, I shall notify the Company thereof immediately and my office shall expire from the date of notification as stated in Section 227A of the Law (as set forth in Appendix A). I know that pursuant to Section 234 of the Law, a breach of such duty of notification shall be deemed a Breach of Trust on my part to the Company.

7. After having closely read and understood all that stated above, I declare that all that stated above is the truth and that I am fully aware of all my obligations and rights under the Law and Regulations.

Joel Sela	June 18, 2014	( - )
_____	_____	_____
Name	Date	Signature

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**Attorney Certification**

I, the undersigned, Advocate Hilit Bar Sorya, whose address is 3 Ha'arava street, Airport City, hereby certify that on June 18, 2014, Joel Sela, known to me personally, appeared before me and after I warned him that he must declare the truth and that he will be liable to the penalties prescribed by law should he fail to do so, he signed this declaration in my presence.

June 18, 2014  
Date

\_\_\_\_\_( - )\_\_\_\_\_  
Attorney Signature and Stamp

[Hilit Bar Sorya, Attorney license no. 32801)



## Appendix A

### Sections 225 – 227A of the Companies Law, 5759-1999

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|--|--|
| Duty of Disclosure                           | <p>225. (a) A person who is a candidate to hold office as a director shall disclose to the person appointing him:</p> <ol style="list-style-type: none"><li>(1) whether he has been convicted by a judgment of an offense referred to in Section 226(a), and the period in which he is prohibited from serving as director under Section 226 has not yet elapsed;</li><li>(2) if he has been convicted in a judgment of an offense referred to in Section 226(A1) and the period which the court determined according to such subsection has not yet elapsed;</li><li>(3) if the administrative enforcement committee imposed on him a means of enforcement prohibiting him from serving as director in any public company, and the period determined by the administrative enforcement committee in its aforesaid decision has not yet elapsed.</li></ol> <p>(b) In this Section -</p> <p>"means of enforcement" means a means of enforcement as referred to in Section 52 LVI of the Securities Law which was imposed under Chapter H4 of the Securities Law, under Chapter G2 of the Regulation of Engagement in Investment Consulting and Investment Portfolio Management Law, 5755-1995 or under Chapter J1 of the Joint Investment Trust Law, 5754-1994, as the case may be;</p> <p>"Administrative enforcement committee" means the committee appointed under Section 52 XXXII(a) of the Securities Law;</p> <p>"judgment" means a judgment of a court of first instance.</p> |
| Restriction on appointment due to conviction | <p>226. (a) A person convicted by a judgment of one of the following offenses shall not hold office as a director in a public company unless five years have elapsed since the date on which the judgment by which he was convicted was handed down:</p> <ol style="list-style-type: none"><li>(1) offenses under Sections 290 to 297, 392, 415, 418 to 420 and 422 to 428 of the Penal Law, 5737-1977 and according to Sections 52C, 52D, 53(a) and 54 of the</li></ol>   |

Securities Law;

- (2) conviction by a court outside Israel of the offenses of bribery, deceit, offenses by directors of a corporation or offenses involving misuse of inside information;
- (3) (deleted)
- (a1) A person who has been convicted by a judgment, as defined in Section 225(b), of an offense which is not enumerated in subsection (a) shall not be appointed to the office of director of a public company if the court has determined that due to the nature, severity or the circumstances of such offense he is not fit to serve as director of a public company for the period determined by the court, which shall not exceed five years from the date of handing down the judgment.
- (b) The court may determine, on the date of the conviction or thereafter, at the request of a person interested in being appointed as director, that notwithstanding his conviction of the offenses as stated in subsection (a) and with attention, *inter alia*, to the circumstances in which the offense was committed, he is not barred from serving as director of a public company or that the period in which he is barred from serving as director of a public company will be less than five years.
- (c) The Minister may determine additional offenses to those determined in subsection (a)(1).
- (d) The court, and if an appeal has been filed – the appellate court, may order a stay of performance of the restrictions on appointment or the expiration of office under this section to a date to be determined and under conditions it deems fit.

Restriction on appointment due to decision of administrative enforcement committee 226A. Where the administrative enforcement committee has imposed on a person means of enforcement prohibiting him from serving as director of a public company, such person shall not be appointed director of a public company in which he is prohibited from serving as director under such decision. In this section "means of enforcement" and "administrative enforcement committee" are as defined in Section 225(b).

Restriction on appointment 227. (a) A minor, incompetent person, a person who has been declared bankrupt for so long as such person remains discharged, as well as a corporation which decided on voluntary winding up or a winding up order has been

handed down with respect thereto, shall not be appointed director.

- (b) A candidate for the office of director satisfying the provisions of subsection (a) shall disclose this to the person appointing him.

Duty of  
notification

227A. A director with respect to whom a condition required under this Law for his office as director ceases to exist or a ground exists in his regard for the expiration of his office as director, shall notify the company thereof immediately and his term of office shall expire on the date of notification.

## Directors' Questionnaire

Dear Sir or Madam,

Attached herewith is a questionnaire to be completed by the directors of Unitronics (1989) (R"G) Ltd. (hereinafter, the "**Company**"). If there are any questions or any explanations are required relating to the completion of the questionnaire, please contact: Advocate Gregory Irgo of Eitan Mehulal & Sadot Law Office of 10 Abba Eban Boulevard, Herzliya, tel: 09-9726000, fax: 09-9726001.

Please pass on to us the completed and signed questionnaire as soon as possible.

### 1. Instructions on Completion of Questionnaire

Please properly answer all questions in detail. In the event a question is not relevant in your case, please write: "not relevant". If the reply to a question is no, please write: "no" or "none". Wherever you are required to complete the date or time, please specify wherever possible, the day, month and year.

### 2. Definitions

#### 2.1 "Stakeholder" in a corporation –

(1) A person holding five percent or more of the issued share capital of the corporation or of the voting power therein, a person having authority to appoint one or more directors of a corporation or its general manager, a person serving as director of a corporation or as its general manager, or a corporation in which such person holds twenty five percent or more of its issued share capital or the voting power, or is entitled to appoint twenty five percent or more of its directors; for the purpose of this paragraph –

(a) A manager of a joint investment trust fund shall be regarded as a holder of the securities included in the fund's assets;

(b) Where a person held securities by means of a trustee, the trustee shall also be regarded as a holder of the aforesaid securities; for this purpose, "trustee" excludes a nominee company and excludes a person holding securities merely by virtue of his position as trustee for an arrangement within the meaning under Section 46(a)(2)(f), or as trustee for an allotment of shares to employees, as defined in Section 102 of the Income Tax Ordinance;

(2) A subsidiary of a corporation, excluding a nominee company;

#### 2.2 "Holding" or "acquisition" –

For the purpose of securities or voting power and the like – either alone or together with others, either directly or indirectly, by means of a trustee, a trust company, nominee company or in any other manner. In the case of a holding or acquisition by a company – also by implication, by its subsidiary or related company, and in the case of a holding or acquisition by an individual – an individual and his family members

who live with him, or they are financially dependent on each other, shall be regarded as one person;

**"Holding or acquisition of securities jointly with others" –**

Holding or acquisition of securities in collaboration between two or more under an agreement, either written or verbal; without prejudicing the generality of the aforesaid, the following persons shall *prima facie* be regarded as holding or acquiring securities jointly –

(1) a corporation holding or acquiring securities (in this definition – corporation) jointly with a stakeholder therein or its related company;

(2) a person whose business is the holding of or trading in securities for others, together with his customer, or with his family member who does not live with him and they are not dependent on each other financially, for whom he holds and manages the securities under a power of attorney granting discretion respecting the exercise of the voting right;

**2.3 "Family member" –**

A spouse, and also a sibling, parent, grandparent, child or child of spouse or spouse of any of the above;

**2.4 "Subsidiary" –**

A company in which another company holds twenty five percent or more of the nominal value of its issued share capital or its voting power or it is entitled to appoint half or more of the directors or its general manager;

**2.5 "Related company" –**

An affiliated company, as well as a company in which another company – which is not its parent company – invested an amount equal to twenty five percent or more of the equity capital of the other company, either in shares or in any other manner, excluding a loan granted in the ordinary course of business.

**2.6 "Affiliated company" –**

A company in which another company – which is not its parent company – holds twenty five percent or more of the nominal value of its issued share capital or the voting power therein, or is entitled to appoint twenty five percent or more of its directors.

**2.7 "Independent director" –**

An outside director or individual serving in office as director who satisfies the conditions set forth below, who was appointed or classified as such according to the provisions of Chapter 1, Part 6 of the Companies Law:

(1) The qualifying conditions for the appointment of an outside director determined in Section 240(b) to (f) are satisfied in his case and the audit committee approved this;

(2) He is not serving in office as director of the company for more than nine consecutive years, and for this purpose discontinuation in office not exceeding two years shall not be regarded as ending the continuity of office.

## 2.8 "Outside director" –

A member of the board of directors of a company who satisfies the qualifying conditions for appointment, as set forth in Section 240 of the Companies Law, 5759-1999.

## 2.9 "Director with accounting and financial expertise" –

A director with accounting and financial expertise is a person who due to his education, experience and qualifications has a high expertise and understanding of business – accounting matters and financial statements, in a manner enabling him to thoroughly understand the financial statements of the Company and to stimulate discussion as to the manner in which the financial data is presented; an evaluation of the accounting and financial expertise of the director shall be carried out by the board of directors and shall be presented as part of the overall considerations which are, *inter alia* his education, experience and knowledge on the following matters:

A. Accounting and auditing issues characteristic of the sector of industry in which the Company and companies of the same size and complexity of the Company operate;

B. The functions of the auditor and the obligations imposed on him;

C. Preparation and approval of the financial statements under the Companies Law and under the Securities Law.

## 2.10 "Director with professional competence" –

A director with professional competence is a person who satisfies one of the following conditions:

A. He has an academic degree in one of the following subjects: economics, business administration, accountancy, law, public administration;

B. He has another academic degree or has completed other higher education studies, all in the Company's main area of business or in an area relevant to the position.

C. He has at least five years' experience in one of the following or he has at least five years' cumulative experience in two or more of the following:

- 1) In a senior position in the field of business management of a corporation with a significant scope of business;
- 2) In senior public office or in a senior position in the public service;
- 3) In a senior position in the Company's main area of business.

2.11 **"Expert outside director"** –

One of the following:

- A. A director having accounting and financial expertise;
- B. A director who due to his education, experience and qualifications has a high expertise and profound understanding of the Company's main area of business. An evaluation of the expertise and understanding of a director shall be carried out by the board of directors after the director added to its declaration under Section 241 of the Companies Law a declaration respecting his education, experience and qualifications, to the extent they are relevant to his evaluation, and attached the documents in support of his declaration.

2.12 **"Senior office holder"** –

An office holder, as defined in the Companies Law, as well as the chairman of the board of directors, a substitute director, an individual appointed under Section 236 of the Companies Law on behalf of a corporation serving in office as director, comptroller, internal auditor, independent authorized signatory and any person carrying out such position, even if his job description is different, in addition to any senior office holder in a corporation under the control of the corporation which has a significant influence over the corporation, and any individual engaged in the corporation in another position holding five percent or more of the nominal value of the issued share capital or voting power; for this purpose:

**"Office holder"** – general manager, chief business officer, deputy general manager, vice general manager, any person serving in such a position in a company, even if the title is different, as well as a director or manager directly subordinate to the general manager;

**"Independent authorized signatory"** – an authorized signatory having the power to bind the corporation without requiring the signature of any additional entity at the corporation for the purpose of a specific activity;

**"Authorized signatory"** – anyone with authority to bind the corporation or bind a corporation under the control of the corporation which is not a reporting corporation and is not a corporation to which Chapter E3 applies (hereinafter, "controlled corporation") as well as any person in a controlled corporation with authority to bind the controlled corporation by an amount exceeding five percent of the total assets in the corporation's balance sheet, according to its last audited financial statements; two or more authorized signatories who are family members are regarded as one authorized signatory;

**"Obligation"** – excluding a payment of tax, municipal taxes or any other compulsory payment collectible under the Taxes (Collection) Ordinance, and excluding any activity in the accounts of the corporation or controlled corporation concerning the acquisition or sale of securities, deposits, foreign currency and financial assets, as defined in the Consulting Law.

2.13 **"Relative"** –

Spouse, brother or sister, parent, grandparents, children in addition to the spouse's child, brother, sister or parent and the spouse of each of the above stated.

2.14 **"Another corporation"** –

A corporation whose controlling shareholder on the date of appointment or in the two years preceding the date of appointment, is a company or controlling shareholder thereof.

3. **Personal Details – Directors**

Full name:	Joel Sela
I.D. number	051562155
Date of birth:	April 21, 1953
Address for the purpose of service of process:	66 Nurit Street, Shoham
Telephone number:	054-4582423
Nationality:	Israeli
Address/email address:  Fax number for sending an invitation to meetings of the board of directors:	<a href="mailto:Joel.sela@gmail.com">Joel.sela@gmail.com</a>
Membership in a committee or committees of the board of directors:	Audit committee, investments committee
Independent director or outside director:	Outside director
Director having accounting and financial expertise or	Education in accounting and economics and active experience in management of



professional competence:	commercial companies as CEO
Expert outside director:	
Are you an employee of the company, its subsidiary, a related company or of a stakeholder therein? If so, please specify the position or the positions you are filling and the date on which you commenced in office:	No.
Are you a family member of another stakeholder in the corporation or of another office holder in the corporation? If so, please specify.	No.

4. **Academic Education**

Degree/Certificate	Main Subject	Name of Academic Institution and Year Degree Earned
Bachelors degree	Accounting and Economics	Tel Aviv University 1980

5. **Additional Professional Training**

Degree/Certificate	Field/Subject	Name of Academic/Professional Institution and Year Certificate/Accreditation Earned

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6. **Professional and Management Positions in Last 5 Years:**

Dates From and To	Name of Corporation/Institution	Position and Area of Business
2003-4/2014	S.P. Data	CEO

7. **Public Positions (Public Office/Position in Public Service)**

Dates From and To	Name of Corporation/Institution	Position and Area of Business

8. **Office of Director in Another Corporation in the Past and Present**

A. If you are serving in office or have served in office as director in the past, please specify the name of the corporation and the term of office.

Dates From and To	Name of Corporation/Institution
2003- present	S.P. Data Ltd.

B. Specify the positions you are carrying out at the Company (including membership in a committee or committees of the Company's board of directors):

Outside director

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C. Are you carrying out any position whatsoever, including as an office holder or employee in a subsidiary or related company of the Company or in a stakeholder of the Company (see the definitions in the introduction to the questionnaire)? If yes, please state details:

No.

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**9. Ownership of Securities of the Company/Subsidiary/Related Company**

A. Specify your holdings and/or the holdings of any of your family members and/or relatives (including a holding jointly with others) of securities of the Company, their nominal value, the quantity of the holding and the amount of each class of securities on the date of completion of the questionnaire and on the date 12 months prior to this:

Name of Holder	Class of Security	On Date of Completion of Questionnaire		12 Months Prior to Date of Completion of Questionnaire	
		Number of Securities	Rate of Holding	Number of Securities	Rate of Holding

B. Specify your holdings and/or the holdings of any of your family members and/or relatives (including a holding jointly with others) of the securities of subsidiaries and related companies of the Company, specify the class of securities, their nominal

value, the quantity and rate of holding on the date of completion of the questionnaire and on the date 12 months prior to this.

Name of Holder	Name of Company and Class of Security	On Date of Completion of Questionnaire		12 Months Prior to Date of Completion of Questionnaire	
		Number of Securities	Rate of Holding	Number of Securities	Rate of Holding

C. If you and/or any of your family members and/or relatives (including a holding jointly with others) hold a specific percentage of the issued share capital or voting power or of the authority to appoint directors of a corporation holding shares in the Company or shares of its subsidiary, or in any related company directly or indirectly, specify the class of securities, their nominal value, the quantity and rate of holding on the date of completion of the questionnaire and on the date 12 months prior to this:

Name of Holder	Name of Corporation and Class of Security	On Date of Completion of Questionnaire		12 Months Prior to Date of Completion of Questionnaire	
		Number of Securities	Rate of Holding	Number of Securities	Rate of Holding

D. Did the corporation undertake to acquire or the Company undertake to sell it the shares of the Company held by such corporation? If yes, specify the principles of the agreement and attach it to the questionnaire.

No.

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E. Are you a party to an agreement of any kind whatsoever with the Company or with the shareholders or other holders of securities in the Company relating to its securities, voting rights or other rights in the Company (for example, the acquisition of shares, right of first refusal, voting agreements, mutual options and such like)? Specify the principles of the agreement and attach it to the questionnaire.

No.

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F. Are you entitled to securities of the Company? If yes, specify:

No.

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G. Do you hold 5% or more of the issued share capital or voting power or authority to appoint one or more directors or the general manager in a specific corporation? If yes, specify:

Name of Company/Subsidiary, Related Company	Quantity of Shares	Percentage of Issued Share Capital and Voting Rights
Smart Brain Technologies		50%

10. **Interest in Other Companies**

A. Specify the corporations in which you and/or any of your family members and/or relatives (including a holding jointly with others) are a stakeholder; state the holdings in such corporation on the date of completion of the questionnaire:

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Smart Brain Technologies Ltd.

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11. **Fees and Benefits**

A. Did you receive a fee and/or directors' remuneration from the Company? If yes, specify the amounts you received three years prior to the date of completion of this questionnaire, the name of the paying company and the type of payment:

Directors' fee as customary at Company.

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B. Is there an arrangement or agreement assuring you indemnification and/or insurance and/or a release in connection with any undertaking whatsoever which you are likely to make in connection with your position as director, office holder or shareholder of the Company. If yes, specify the terms of the arrangement and attach as an appendix to this questionnaire.

Directors' insurance as customary at Company.

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C. Did you or your relative receive a fee or are you entitled to receive a fee directly or indirectly from a controlling shareholder of the Company, from the Company, a subsidiary of the Company or a related company to the Company? If yes, specify the amounts received in the last two years only, as set forth below:

No.

Nature of Payment	Payment Amount	
	Year of Payment	Nominal

D. Have you and/or your relatives received a fee or are you entitled to receive a fee (management fees, consulting fee and such like) from a controlling shareholder of the Company, from the Company, a subsidiary of the Company or a related company to

the Company, directly or indirectly? If yes, specify the amounts received in the last two years.

No.

Nature of Payment	Payment Amount	
	Year of Payment	Nominal

E. Is there an agreement binding the controlling shareholder of the Company, the Company, its subsidiary or a related company to pay you or your relative any payment whatsoever or to grant benefits? If yes, describe the principles of the agreement (method of calculation of payment, minimum promised, etc.) and attach it as an appendix to the questionnaire:

No.

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F. Did you or your relative receive or are you receiving directly or indirectly other benefits of any kind whatsoever from a controlling shareholder of the Company, from the Company, a subsidiary of the Company or a related company to the Company? If yes, specify the benefits you received in the last two years:

No.

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G. If the reply to the previous question is yes, please specify whether you received the aforesaid benefits embodied within an agreement? If yes, describe its principles and attach it as an appendix to the questionnaire:

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H. Is there an agreement for increased retirement compensation or improved retirement terms at the time of retirement between you and the Company? If yes, specify:

No.

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I. Are you entitled to shares or options of the Company, of a subsidiary and of related companies? If yes, specify:

No.

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J. Did the Company make any undertaking to allot shares, options or any other security convertible into shares? If yes, specify:

No – to my best knowledge.

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12. **Business Connections with Company**

A. Were you or are you and/or any of your family members and/or relatives (including a holding jointly with others) a party directly or indirectly to a transaction of any kind whatsoever with the Company, its subsidiary or a related company of the Company which was entered into in the last two years (and even if no longer in effect, or made previously but still in effect)? If yes, describe the transaction and its terms, and attach all documents relating to it (if you believe that the transaction is in the ordinary course of business – please state this):

No.

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B. Are negotiations being conducted in connection with a transaction of the kind described in Section 7 A. above?

No.

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C. Is there an arrangement or agreement, except for that stated in the articles of association of the Company, which promises you indemnification or insurance with respect to an undertaking you are likely to make in connection with your position as a senior office holder or shareholder of the Company? If yes, attach a copy of the agreement:

No, except for directors' insurance as customary at the Company.

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F. Did you, your relative, your partner, your employer, anyone you are directly or indirectly subordinate to or a corporation in which you are a controlling shareholder, on the date of appointment or in the two years preceding the date of appointment, have control, an employment relationship, business or professional connections generally with the Company, a controlling shareholder of the Company or a relative of a controlling shareholder? If so, please specify.

No.

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J. Did you ever receive by virtue of your position as outside director of any company whatsoever any additional benefit beyond the remuneration and reimbursement of expenses to which you were entitled for your office as director?

No.

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13. **Interest in Transactions**

A. In addition to the aforesaid in Section 8 above, do you or did you have an interest directly or indirectly in any agreement whatsoever or in any transaction whatsoever to which the Company, its subsidiary or its related company are a party or were a party in the two years preceding the date of completion of this questionnaire? If yes, specify the transaction or the agreement (even if it is verbal) and attach any document in connection with the transaction or this agreement:

No.

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B. Are negotiations taking place in connection with a transaction of the kind described in Section 9A above? If yes, please specify:

No.

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14. **Legal Proceedings**

A. Are any proceedings pending against you or were you ever convicted of one of the offenses currently enumerated in Article F of Chapter 11 of the Penal Law, 5737-1977 (offenses of bribery, deceit, blackmail and extortion) or offenses of directors in a corporation or offenses of misuse of inside information? Likewise, have you been convicted of another offense where the court has determined that by reason of such offense you are unfit to serve as director of a public company? If yes, specify.

No.

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B. Except for parking offenses and finable offenses within the meaning of the Transport Ordinance, are there any proceedings pending against you or were you ever convicted and served the penalty for the conviction in the last ten years? If yes, specify.

No.

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C. Is there any legal proceeding taking place between you and the Company and/or a company under your control or a related company to you and the Company in which you are an opposing party to the Company or have you an interest in a proceeding contrary to the interests of the Company? If yes, specify.

No.

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I hereby declare that all the details given by me in reply to this questionnaire are correct and accurate and that I did not omit any detail and did not refrain from attaching any document which I was asked to deliver or attach to this questionnaire.

If there is any change in any of the details I passed on above, I will notify you immediately of the change.

I hereby confirm that I agree that you may use the details I passed on in this questionnaire, if necessary for the publication of a prospectus of the Company, as well as any report to be published after the date of this affidavit.

May 21, 2014

Joel Sela

( - )

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Date

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Full Name

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Signature

## Appendix B

### List of remunerations for 2013 pursuant to the Sixth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970

Name	Position	Part-time or full-time job	Percentage holding in the equity	Wages (NIS thousand)	Bonus	Share-based payment	Management fees	Commission	Interest	Rent	Other	Total (NIS thousand)
Haim Shani	CEO and chairman of the Board of Directors	100%	61.38%	1,186	138	---	---	---	---	---	---	1,324
Bareket Shani	Deputy CEO and Head of Human Resources	100%	---	652	---	---	---	---	---	---	---	652

For additional details on remuneration paid to Mr. and Mrs. Shani, see sections 4.5.1, 4.5.3 and 4.6 of the Periodic Report.

**Unitronics (1989) (R"G) Ltd.**

**("The Company")**

**Voting Instrument pursuant to the Companies Regulations (Written Votes and Position Statements), 5766-2005 (the "Regulations")**

**PART ONE**

1. **Company name:** Unitronics (1989) (R"G) Ltd. (the "Company").
2. **Class of General Meeting, time and place of convening:** Annual and Extraordinary General Meeting of the Company's shareholders (the "**Meeting**"). The Meeting will convene at the Zaventem Sheraton Hotel, Brussels, Belgium, on Thursday, September 4<sup>th</sup>, 2014, at 12:00 (Belgium time). If the Meeting is adjourned in the absence of a quorum, an adjourned meeting will be held on Thursday, September 11<sup>th</sup>, 2014, at the same time and place.

**3. Details of the items on the agenda on which it is allowed to vote by a voting instrument:**

3.1 Appointment of Mr. Joel Sela for an additional term as external director of the Company for a period of three years, in accordance with the Company's articles (for details on Mr. Joel Sela, see section 4.10(E) of the Company's Annual and Periodic Report for 2013, as published on March 27, 2014, Reference No: 2014-01-027369 (hereinafter – "**the Periodic Report**").

Summary of the proposed resolution: to appoint Mr. Joel Sela as external director of the Company for an additional three-year term.

3.2 Re-approval of employment agreements with Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company and Mrs. Bareket Shani, Mr. Shani's wife, director and VP of Human Resources at the Company, as specified in paragraph 3.1 of the Immediate Report on Convening an Annual Meeting (hereinafter – "**the Convening Report**"). In accordance with Section 275(A1) of the Companies Law, the Company is required to submit for re-approval once every three years, the employment agreement of controlling shareholders of the Company and their relatives. Accordingly, the remuneration committee and Board of Directors of the Company decided on May 27, 2014 and on June 30, 2014, respectively, to re-approve, subject to the approval of the general meeting of Company shareholders, the above employment agreements, pursuant to said Section, such that they will continue to apply on the same terms, and subject to the amendment of the terms of the equity-based compensation stated in section 3.2 of the Convening Report, so that each of them will be extended by an additional three-year period with effect from the date of the meeting, until September 4<sup>th</sup>, 2017.

Summary of the proposed resolution: to re-approve the employment agreements of Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company and Mrs. Bareket Shani, Mr. Shani's wife, director and VP of Human Resources at the Company, in accordance with Section 275(A1) of the Companies Law, for an additional three-year period, until September 22, 2017.

3.3 Amendment of the Employment Agreements of Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company and Mrs. Bareket Shani, Mr. Shani's wife, director and VP of Human Resources at the Company, as specified in paragraph 3.2 of the Convening Report. In accordance with the provisions of the Company's compensation policy and its intention to conform the employment agreements of officers therein to the provisions of the remuneration committee, which was announced by the Company upon the publication of its compensation policy (for details see section 3H of an Amended Immediate Report on the Convening of an Annual and Extraordinary General Meeting dated November 17, 2013, Reference No: 2013-01-193608), the Company, the controlling shareholder and his wife agreed to conform the terms of the equity-based compensation in the employment agreements to the provisions of the

compensation policy by cancelling the provision in the employment agreements that entitles the controlling shareholder and his wife to options to acquire Company shares in an amount that is no less than 115% of the amount granted to the most senior employee of the Company after Mr. Shani and Mrs. Shani.

Summary of the proposed resolution: to approve the cancellation of the provision regarding bonus in Company stock options in the employment agreements of Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company and Mrs. Bareket Shani, director and VP of Human Resources at the Company, in accordance with paragraph 3.2 of the Convening Report.

3.4 Re-approval of the letters of exemption and indemnification of Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company and Mrs. Bareket Shani, Mr. Shani's wife, director and VP of Human Resources at the Company, as specified in paragraph 3.3 of the Convening Report. In accordance with Section 275(A1) of the Companies Law, the Company is required to submit for re-approval, once every three years, the letters of exemption and indemnification of controlling shareholders in the Company and their relatives. Accordingly, the Remuneration committee and Board of Directors of the Company decided on May 27, 2024 and on June 30 2014, respectively, to re-approve, subject to the approval of the General Meeting of the Company shareholders, the letters of exemption and indemnification of Mr. and Mrs. Shani, pursuant to said Section, such that each indemnification letter will be extended by an additional three-year period with effect from the date of the meeting.

Summary of the proposed resolution: to re-approve the letters of exemption and indemnification of Mr. Haim Shani, Chairman of the Board of Directors, CEO and controlling shareholder of the Company and Mrs. Bareket Shani, director and VP of Human Resources at the Company, as specified in paragraph 3.3 of the Convening Report.

**4. The time and place at which the complete text of the proposed resolutions can be reviewed:**

Any shareholder may, at his request, inspect the text of the proposed resolution, in the text of the immediate report issued by the Company in connection with the Meeting and the attachments thereto and in the voting instrument, at Unitronics House, 3 Arava St., Airport City, Lod, Israel, Sunday through Thursday, during regular business hours, after prior coordination with Mr. Yair Itscovich (telephone 03-9778888, fax 03-9778877), up to the day of the Meeting.

**5. Details, to the best of the Company's knowledge, on the candidate for director who serves as director of the Company:**

Name of candidate	Membership on committees of the Company's Board of Directors	Year in which his office as director of the Company began	Has accounting and financial expertise	Changes in relation to the details specified in the Periodic Report
Yoel Sela	Member of the Committee for Review of the Financial Statements, in the Audit Committee and in the Remuneration Committee	2008	Yes	--

**6. Majority required at the General Meeting to approve the items on the agenda:**

13.2 The majority required for approval of the item on the agenda set forth in paragraph 2.4 above (the appointment of Yoel Sela as an external director) is an ordinary majority of the shareholders who are entitled to attend the Meeting and who participate in the vote, provided one of the following conditions is met: (a) the majority of the votes counted at the General Meeting includes a majority of the votes of shareholders who are not controlling shareholders in the Company or do not have a personal interest in the approval of the appointment, except for a personal interest which is not the result of their relations with the controlling shareholder, who participate in the vote; the total votes of the said shareholders shall not include the abstaining votes; (b) the total number of dissenting votes among shareholders participating in the vote who are not controlling shareholders of the Company or do not have a personal interest in the approval of the appointment except for a personal interest which is not the result of relations with the controlling shareholder, is not more than two percent of the total voting rights in the Company.

13.3 The majority required for approval of the items on the agenda set forth in paragraphs 3.2 (re-approval of the employment agreements of the controlling shareholder), 3.3 (amendment of the employment agreements of the controlling shareholder) and 3.4 (re-approval of a letter of exemption and indemnification to the controlling shareholder) above, is an ordinary majority of the shareholders who are entitled to attend the Meeting and who participate in the vote, provided one of the following conditions is met: (a) the majority of the votes counted at the General Meeting includes a majority of the votes of shareholders who do not have a personal interest in the approval of the transactions, who participate in the vote; the total votes of the said shareholders shall not include the abstaining votes; (b) the total number of dissenting votes among shareholders participating in the vote who do not have a personal interest in the approval of the transactions, is not more than two percent of the total voting rights in the Company.

#### **7. Existence/absence of an interest**

Items 3.1 – 3.4 require the shareholders participating in the vote pursuant to this voting instrument to disclose the existence or absence of an interest as mandated by the provisions of the Companies Law and the Regulations thereunder. In Part Two of this voting instrument, space is allocated for marking off the existence or absence of an interest, as required by the provisions of the Companies Law and the Regulations thereunder, and for detailing such interest, if any, in items 3.1 to 3.4 above. It is emphasized that the vote of someone who did not mark off the existence or absence of an interest as stated, or did not provide details as stated, will not be included in the count of the votes at the Meeting.

#### **8. Validity of the voting instrument**

8.1 The voting instrument will be valid only if the certificate of ownership of the unregistered shareholder (i.e. a person who has shares registered with a Stock Exchange member, and those shares are included among the shares of the Company registered in the Register of Shareholders in the name of a nominee company and/or EuroClear Belgium / Interprofessionnelle Effeotendeposito – en Girokas N.V. – Caisse Interprofessionnelle de Depots et de Virements de Titres S.A., or – if the shareholder is registered in the Register of Shareholders – a photocopy of the shareholders' ID card, passport or certificate of incorporation (all the above – the "**Attached Documents**").

8.2 This voting instrument together with the Attached Documents, as aforesaid, must be submitted up to 72 hours before the time of voting. In this regard, the "date of submission" is the date on which the voting instrument and the Attached Documents reached the Company's offices at the address specified above.

#### **9. Internet**

The Company does not permit voting via the Internet.

#### **10. Company's address for delivery of voting instruments and position statements:**

The Company's offices as detailed in Section 4 above.

**11. Deadline for submitting position statements to the Company:**

Up to ten days after the record date, i.e. up to Monday, August 11, 2014 (the "**Deadline for Sending Shareholders' Position Statements**").

**12. Deadline for submitting the Board of Directors' response to position statements:**

No later than five days after the Deadline for Sending Shareholders' Position Statements.

**13. Address of the Dissemination Site, the website of the Tel Aviv Stock Exchange Ltd. and the Euronext website in Belgium, which contain the voting instruments and the position statements:**

13.1 Dissemination site of the Israel Securities Authority (the "**Distribution Site**"): <http://www.magna.isa.gov.il/>

13.2 Website of the Tel Aviv Stock Exchange Ltd.: <http://maya.tase.co.il/>

13.3 Dissemination site of the Euronext Exchange in Belgium: <http://www.euronext.com/>

**14. Certificates of ownership:**

A shareholder may, if he so requested, receive the certificate of title at a branch of the Stock Exchange member or through the post. Such a request will be submitted in advance for a particular securities account.

**15. Receipt of voting instruments and position statements:**

An unregistered shareholder is entitled to receive by email, free of charge, a link to the text of the voting instrument and the position statements on the Dissemination Site, from the Stock Exchange member through whom he holds his shares, unless he notified the Stock Exchange member that he does not wish to receive such a link, or that he wants to receive voting instruments by post against payment. A notice concerning voting instruments will apply also to the receipt of position statements.

**16. Review of voting instruments:**

One shareholder or more holding shares at a rate equivalent to five percent or more of the total voting rights in the Company, and a shareholder holding such a percentage of the total voting rights not held by the Company's controlling shareholder as this term is defined in Section 268 of the Companies Law ("**Controlling Shareholder**"), is entitled, following the convening of the Meeting, to review the voting instruments as set forth in Regulation 10 of the Regulations, in person or by proxy, at the Company's offices, during regular business hours.

16.1 The number of shares equivalent to 5% of the total voting rights in the Company is: 500,116 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).

16.2 The number of shares equivalent to 5% of the total voting rights in the Company not held by the Controlling Shareholder is: 193,138 ordinary shares of the Company (taking into account dormant shares that do not confer voting rights).

**17. Changes in the agenda:**

After the publication of the voting instrument, there may be changes in the meeting's agenda, including the addition of an item on the agenda, and position statements may be published. The



updated agenda and the published position statements may be reviewed in the Company's reports in the Dissemination Site.

**18. Last date for submitting an amended voting instrument:**

If the Company published an amended notice as stated in Regulation 5B of the Companies Regulations (Notice of a General Meeting and a Class Meeting in a Public Company and Adding an Item to the Agenda), 2000, the Company shall publish an amended text of the voting instrument pursuant to this regulation on the date of publication of the amended notice and in any case no later than July 15, 2014.

**19. Manner of voting:**

A shareholder will indicate his manner of voting on each item on the agenda in Part II of this voting instrument.

## VOTING INSTRUMENT – PART II

Company Name: **Unitronics (1989) (R"G) Ltd.**

Company's address (for delivery and sending of voting instruments): Unitronics House,  
3 Arava St., Airport City, Lod, Israel

Company No.: 520044199

Date of Meeting: September 4<sup>th</sup>, 2014

Class of Meeting: Annual and Extraordinary General Meeting

Record Date: August 1<sup>st</sup>, 2014

### **Shareholder's Details**

Shareholder's name: \_\_\_\_\_

ID No.: \_\_\_\_\_

If the shareholder does not have an Israeli identity card:

Passport No.: \_\_\_\_\_

Issuing country: \_\_\_\_\_

Valid until: \_\_\_\_\_

If the shareholder is a corporation:

Corporation No.: \_\_\_\_\_

Country of incorporation: \_\_\_\_\_

**Manner of Voting**

Number of agenda item	Manner of voting <sup>1</sup>			Regarding the appointment of Mr. Joel Sela as external director (Section 245(A1) of the Companies Law) – are you a controlling shareholder, an interested party, do you have a personal interest in the approval of the appointment, are you a senior officer or an institutional investor <sup>2</sup> ?		Regarding the re-approval of the employment agreements of the controlling shareholder and his wife for an additional three-year period as of the date of termination of the previous period, the approval of the amendment to the employment agreements of the controlling shareholder and his wife and the re-approval of the letters of exemption and indemnification of the controlling shareholder and his wife – do you have a personal interest <sup>3</sup> ?		Are you an institutional investor <sup>4</sup> ?	
	For	Against	Abstention	Yes(*)	No	Yes (*)	No	Yes	No
3.1									
3.2									
3.3									
3.4									

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

**Details:**

**Regarding the appointment of Mr. Joel Sela as external director of the Company (see paragraph 3.1 of this voting instrument above);**

\_\_\_\_\_   
 \* Specify

<sup>1</sup> Failure to tick the appropriate box will be deemed as abstention from voting on that item

<sup>2</sup> The vote of a shareholder who does not fill in this column or marks “yes” without an explanation will not be taken into account. There is no need to specify personal interest in the approval of the appointment, which is not the result of a relationship with the controlling shareholder.

<sup>3</sup> The vote of a shareholder who does not fill in this column or marks “yes” without an explanation will not be taken into account.

<sup>4</sup> As this term is defined in Regulation 1 of the Financial Services Control Regulations (Provident Funds) (Participation of a Management Company in General Meetings), 5769-2009, and a manager of a joint investment trust fund, within its meaning in the Joint Investment Trust Law, 5754-1994.

Below are details in connection with my being a controlling shareholder, an interested party, having a personal interest in the approval of the appointment, a senior officer or an institutional investor:

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**Regarding the re-approval of the employment agreements of the controlling shareholder and his wife for an additional three-year period as of the date of termination of the previous period, the approval of the amendment to the employment agreements of the controlling shareholder and his wife and the re-approval of the letters of exemption and indemnification of the controlling shareholder and his wife (see paragraphs 3.2-3.4 of this voting instrument above):**

Below are details in connection with my having a personal interest:

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With respect to shareholders who hold shares through a Stock Exchange member (pursuant to Section 177(1)) – this voting instrument is valid only with a certificate of ownership attached to it, except in cases where the vote is via the Internet.

With respect to shareholders who are registered in the Company's shareholders' register – the voting instrument is valid with an attached photocopy of an ID card / passport / certificate of incorporation.